



ACF INDUSTRIES

INCORPORATED

750 THIRD AVENUE, NEW YORK, N. Y. 10017, (212) 986-8600, CABLE ADDRESS: ACFUSA

RECORDATION NO. 8762 Filed & Recorded

MAR 28 1977 -2 30 PM

March 23, 1977

~~INTERSTATE~~ COMMERCE COMMISSION

Interstate Commerce Commission
Washington, D. C.

RECORDATION NO. 8762-A Filed & Recorded

Gentlemen:

MAR 28 1977 -2 30 PM

Re: Grand Trunk Western Railroad Company

Enclosed for recordation under the provisions of Section 20(c) of the Interstate Commerce Act, as amended, are the original and 3 counterparts each of a Conditional Sale Agreement dated as of February 1, 1977 and an Agreement and Assignment dated as of February 1, 1977 relating thereto.

The general description of the railroad equipment covered by the enclosed documents is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Manufacturers under Conditional Sale Agreement and Assignors under Agreement and Assignment:

ACF Industries, Incorporated
750 Third Avenue
New York, New York 10017

Whitehead and Kales Company
58 Haltiner Street
Detroit, Michigan 48218

Vendee under Conditional Sale Agreement:

Harold K. Criswell, Albert
C. Welti and Robert F.
Whitworth, Jr., as Trustees
under G.T.W. Trust No. 77-1
c/o Matrix Leasing International,
Inc.
Bank of America Center
San Francisco, California 94104

Agent and Assignee under Agreement and Assignment:

Continental Illinois National
Bank and Trust Company of
Chicago
231 South LaSalle Street
Chicago, Illinois 60690

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ICC Washington, D. C.

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FEE OPERATION BR.

COUNTERPARTS - ET. Karpman

Interstate Commerce Commission -2-

March 23, 1977

Re: Grand Trunk Western Railroad Company

The undersigned is one of the Manufacturers under the Conditional Sale Agreement and one of the Assignors under the Agreement and Assignment and has knowledge of the matters set forth therein.

Please return the original and 1 copy of the Conditional Sale Agreement and the Agreement and Assignment to James E. Luebchow, Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

ACF INDUSTRIES, INCORPORATED

By *RW Montgomery*
Its Asst. Secretary

MANUFACTURER

SCHEDULE A
TO
LETTER OF TRANSMITTAL
DESCRIPTION OF EQUIPMENT

<u>Description</u>	<u>Quantity</u>	<u>Identifying Number</u>	<u>Manufacturer</u>
Enclosed Tri-Level automobile Racks attached in a non-permanent manner to certain units of railroad rolling stock	40	GTW 310000 through GTW 310039, both inclusive	Whitehead and Kales Company
60' 9" 100-ton Box Cars	50	GTW 375550 through GTW 375599, both inclusive	ACF Industries, Incorporated
89' 4" 70-ton low-Deck Flat Cars	40	GTW 310000 through GTW 310039, both inclusive	ACF Industries, Incorporated

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

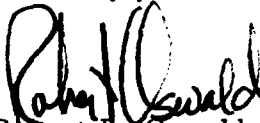
March 28, 1977

**R. W. Montgomery
ACF Industries
750 Third Avenue
New York, NY 10017**

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on **3-28-77** at **2:30 PM** , and assigned recordation number(s) **8762 and 8762-A.**

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

8762

RECORDATION NO. Filed & Recorded

MAR 28 1977 -2 30 PM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of February 1, 1977

Among

ACF INDUSTRIES, INCORPORATED

and

WHITEHEAD AND KALES COMPANY

as Manufacturers

and

HAROLD K. CRISWELL, ALBERT C. WELTI
and ROBERT F. WHITWORTH, JR.,

as Trustees under G.T.W. Trust No. 77-1

Vendee

(G.T.W. Trust No. 77-1)
(50 Box Cars; 40 Flat Cars; 40 Auto Racks)

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Attachments to Conditional Sale Agreement

Schedule A - Description of Equipment (Auto Racks)

Schedule B - Description of Equipment (Box Cars)

Schedule C - Description of Equipment (Flat Cars)

Schedule D - Amortization of Series A Conditional
Sale Indebtedness

Schedule E - Amortization of Series B Conditional
Sale Indebtedness

CONDITIONAL SALE AGREEMENT dated as of February 1, 1977 (this "Agreement") among ACF INDUSTRIES, INCORPORATED and WHITEHEAD AND KALES COMPANY (collectively, the "Manufacturers" and individually, a "Manufacturer") and HAROLD K. CRISWELL, ALBERT C. WELTI and ROBERT F. WHITWORTH, JR., as Trustees under G.T.W. Trust No. 77-1 (the "Vendee") pursuant to the Trust Agreement dated as of February 1, 1977 (the "Trust Agreement") among the Trustees and CARGILL LEASING CORPORATION (the "Trustor").

RECITALS

A. The Manufacturers are each willing to construct, sell and deliver to the Vendee, and the Vendee is willing to purchase, the respective items of railroad equipment to be built by such Manufacturers as described in Schedules A, B and C attached hereto (the Equipment described in Schedule A being hereinafter sometimes referred to as the "Series A Equipment" and the Equipment described in Schedules B and C being hereinafter sometimes referred to as the "Series B Equipment", said Series A and Series B Equipment being hereinafter sometimes collectively referred to as the "Items of Equipment" or "Equipment" and individually, an "Item" or "Item of Equipment");

B. The following terms shall have the following meanings unless the context shall otherwise require:

1. "Finance Agreement" shall mean the Finance Agreement dated as of February 1, 1977 among the Railroad, the Assignee and the parties named in Schedule 1 thereto (the "Investors").

2. "Assignment" shall mean the Agreement and Assignment dated as of February 1, 1977 among the Manufacturers and the Assignee.

3. "Assignee" shall mean Continental Illinois National Bank and Trust Company of Chicago, as agent and assignee under the Assignment, and its successors in interest thereunder.

4. "Guaranty Agreement" shall mean the Guaranty Agreement dated as of February 1, 1977 among Canadian National Railway Company (the "Guarantor"), the Vendee, the Trustor and the Assignee.

5. "Lease" shall mean the Equipment Lease dated as of February 1, 1977 between the Vendee, as lessor, and the Railroad.

6. The "Railroad" shall mean Grand Trunk Western Railroad Company.

7. "Tax Indemnity Agreement" shall mean the Tax Indemnity Agreement dated as of February 1, 1977 between the Railroad and the Trustor.

In consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto agree as follows:

SECTION 1. CONSTRUCTION AND SALE.

Each Manufacturer will construct, sell and deliver to the Vendee, and the Vendee will purchase from each Manufacturer and accept delivery of and pay for as hereinafter provided, those Items of Equipment which are indicated on Schedules A, B and C attached hereto to be constructed and sold by such Manufacturer, each Item of which shall be new equipment constructed in accordance with the applicable specifications referred to in said Schedules A, B and C with such modifications thereof as may be agreed upon in writing by the Vendee, the Railroad and the respective Manufacturer (which specifications and modifications, if any, are hereinafter called the "Specifications"). The design and quality of equipment and material in such Items shall conform to all Department of Transportation and/or Interstate Commerce Commission requirements and specifications for new equipment, if any, and to all standards of the Association of American Railroads, if any (and, in each case, any successor organization) applicable to new railroad equipment of the character of such Items as of the date of this Agreement.

SECTION 2. DELIVERY.

2.1. Each Manufacturer will deliver the various Items of Equipment to be manufactured by it to the Vendee in accordance with the applicable delivery schedule set forth in said Schedules A, B and C attached hereto; provided, however, that the Manufacturers shall have no obligation to deliver any Item of Equipment hereunder so long as any Event of Default pursuant to Section 14.1 hereof shall have occurred and be continuing. Each Manufacturer agrees to give the Railroad, the Vendee and the Assignee not less than seven business days prior written notice of the delivery of the first Item of Equipment to be manufactured by it hereunder. Each Manufacturer agrees not to deliver and the Vendee shall have no obligation to accept any Items of Equipment following notice to such Manufacturer from the Vendee, the Railroad or the Assignee that any Event of Default pursuant to Section 14.1 hereof has occurred and is continuing.

2.2. Each Manufacturer's obligations as to time of delivery is subject, however, to delays resulting from causes beyond such Manufacturer's reasonable control, including, but not limited to, acts of God, acts of government such as embargoes,

priorities and allocations, war or war conditions, riots or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, or delays in receiving necessary materials or delays of carriers or subcontractors.

2.3. Notwithstanding the foregoing provisions in this Section 2, the Vendee shall not be obligated hereunder to accept and pay for any Equipment not delivered and accepted on or before the outside delivery date provided therefor in Schedules A, B and C, respectively. Any Equipment not so delivered and accepted pursuant to Sections 2.1 and 2.4 hereof shall be excluded from this Agreement and not included in the term "Equipment" as used in this Agreement. In the event of any such exclusion the Vendee and the Manufacturer of such excluded Item shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not excluded herefrom, and such Manufacturer agrees to look solely to the obligations of the Lessee pursuant to Section 1.2 of the Lease in respect of such excluded Item of Equipment.

2.4. The Equipment during construction shall be subject to inspection by an inspector or other authorized representative of the Railroad and the Vendee. Acceptance of any Items of Equipment by the Railroad under the Lease shall be deemed to be acceptance of such by the Vendee hereunder, and the Vendee agrees to cause the Railroad to furnish the Certificate or Certificates of Acceptance under the Lease to the Manufacturers in such number of counterparts as may be reasonably requested.

2.5. The Manufacturer of each Item of Equipment shall bear the risk of loss thereof or damage thereto until delivery to and acceptance by the Railroad and the Vendee pursuant to Section 2.4 hereof. Upon delivery and acceptance by the Railroad of each of such Items of Equipment, the Vendee shall bear the risk of loss of or damage to such Items as between the Vendee and the Manufacturer of such Items.

SECTION 3. PURCHASE PRICE AND PAYMENT.

3.1. The base price per Item of Equipment, including shipping and delivery charges, if any, to place of delivery, and storage charges, if any, prior to delivery, but exclusive of interest, insurance and all other charges, is as set forth in Schedules A, B and C attached hereto. Such base price per Item of Equipment shall be subject to increase or decrease as may be agreed to by the Manufacturer thereof and the Railroad as set forth in an invoice from such Manufacturer to the Vendee accompanied by or having endorsed thereon a certification by the Railroad as to the correctness of the price of such Item as set forth in said invoice, and the term "Purchase Price" as used herein shall mean, if no such invoice shall have been delivered to the Vendee pursuant to Section 3.5 hereof, such

base price, or if such an invoice shall be so delivered, the price certified therein; provided that the Purchase Price of any Item of Equipment shall not exceed the Maximum Purchase Price therefor set forth in Schedule A, B or C, as the case may be. If the Purchase Price of any Item of Equipment described in Schedule A, B or C then ready to be delivered by a Manufacturer hereunder and under the Lease would, upon such delivery, cause the aggregate Purchase Price for all other Items of Equipment described in such Schedule A, B or C and theretofore delivered hereunder, when taken together with the Purchase Price of such additional Item of Equipment, to exceed the Maximum Purchase Price for all Items of Equipment as stated in such Schedule A, B or C, then the Manufacturer of such Item of Equipment agrees that it will withhold delivery of such Item of Equipment and of all other Items of Equipment built or to be built by it and described in the same Schedule then remaining undelivered hereunder and under the Lease, and the Vendee and such Manufacturer agree that they will enter into an agreement excluding from this Agreement such Item or Items of Equipment, and such Manufacturer agrees to look solely to the obligation of the Lessee pursuant to Section 1.2 of the Lease in respect of such excluded Equipment and agrees that the Vendee shall have no further obligation whatsoever to such Manufacturer with respect to such excluded Equipment.

3.2. For the purpose of making settlement for the Equipment, the Equipment shall be divided into not more than four groups of Items of Equipment, or such other number as shall be agreed to by the parties hereto, the Railroad and the Assignee (each such group of Items being hereinafter called a "Group"), provided, however, that no Group shall consist of less than 20 Items of Equipment.

3.3. Subject to the provisions of Section 3.4 hereof and Section 13 hereof, the Vendee hereby acknowledges itself to be indebted to the respective Manufacturers in the amount of, and hereby promises to pay in immediately available funds to the respective Manufacturers at such bank or trust company in the United States of America as each of the respective Manufacturers shall designate for payment to it, the Purchase Price of the Items of Equipment as follows:

(a) On each Closing Date an amount equal to 37.130632% of the aggregate Purchase Price for all Items of Equipment in the Group for which settlement is then being made; and

(b) an amount (herein sometimes called the "Conditional Sale Indebtedness") equal to the difference between the aggregate Purchase Price for all Items of Equipment in the Group for which settlement is then being made and the aggregate amount paid pursuant to subparagraph (a) of this Section 3.3 plus interest on the unpaid balance thereof payable in installments, as follows:

(1) With respect to that portion of the Conditional Sale Indebtedness relating to the Series A Equipment (such portion being sometimes referred to herein as the "Series A Conditional Sale Indebtedness"):

(a) One installment of interest only on the unpaid balance of the Series A Conditional Sale Indebtedness at the rate of 8.50% per annum for the period from and including the Closing Date for each Group containing Series A Equipment to but not including July 15, 1977, payable on July 15, 1977, followed by

(b) Twenty-four (24) semiannual installments, including both principal and interest on the unpaid balance of the Series A Conditional Sale Indebtedness at the rate of 8.50% per annum, payable on January 15, 1978 and on the 15th day of each July and January thereafter to and including July 15, 1989 in the amounts set forth in Schedule D hereto; and

(2) With respect to that portion of the Conditional Sale Indebtedness relating to the Series B Equipment (such portion being sometimes referred to herein as the "Series B Conditional Sale Indebtedness"):

(a) One installment of interest only on the unpaid balance of the Series B Conditional Sale Indebtedness at the rate of 8.50% per annum for the period from and including the Closing Date for each Group containing Series B Equipment to but not including July 15, 1977, payable on July 15, 1977, followed by

(b) Forty-eight (48) semiannual installments, including both principal and interest on the unpaid balance of the Series B Conditional Sale Indebtedness at the rate of 8.50% per annum, payable on January 15, 1978 and on the 15th day of each July and January thereafter to and including July 15, 2001 in the amounts set forth in Schedule E hereto.

If for any reason whatsoever the Assignee does not pay or cause to be paid to a Manufacturer on the Closing Date with respect to any Group, any portion of the amount contemplated by Section 5 of the Assignment, such Manufacturer shall give the Vendee, the Trustor and the Assignee immediate telegraphic notice thereof and shall designate in such notice a date to which such closing is deferred which shall not be earlier than 15 calendar days after the date of such notice. On the date to which such closing has been deferred, the Vendee shall pay or cause to be paid to such Manufacturer 100% of the aggregate Purchase Price of all Items of Equipment in the Group for which settlement had been postponed.

3.4. The obligation of the Vendee to pay the amounts specified in Section 3.3 hereof is, for each Group of Equipment, subject to the fulfillment on or before the respective dates hereinafter set forth of the following conditions (any of which may be waived by the Vendee and the payment by the Vendee of the amounts specified in clause (a) of Section 3.3 with respect to such Group shall be conclusive evidence that such condition has been fulfilled or irrevocably waived):

(a) Prior to or concurrently with the delivery to and acceptance by the Railroad under the Lease of the first Item of Equipment (hereinafter the "First Delivery Date") the Assignee and the Investors shall have received the favorable written opinion of Messrs. Chapman and Cutler, who are acting as special counsel for the Assignee and for the Investors, addressed to the Investors and the Assignee to the effect that:

(1) the Trust Agreement has been duly authorized, executed and delivered by the Vendee and constitutes a valid, binding and effective agreement and declaration of trust by the Vendee in accordance with the terms thereof;

(2) the trust created and provided for by the Trust Agreement is not taxable as an association under existing statutes, regulations and decisions relating to Federal Income Taxes;

(3) the Conditional Sale Agreement and the Lease have been duly authorized, executed and delivered by the respective parties thereto and constitute legal, valid and binding instruments enforceable in accordance with their respective terms;

(4) the Assignment and, assuming due authorization, execution and delivery by the Investors, the Finance Agreement have been duly authorized, executed and delivered by the respective parties thereto and constitute legal, valid and binding instruments enforceable in accordance with their respective terms;

(5) the Assignee is vested with all the rights, titles, interests, powers, privileges and remedies purported to be assigned to it by the Assignment;

(6) upon settlement therefor pursuant to the Assignment, security title to the Items of Equipment in the Group will be validly vested in the Assignee;

(7) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the execution and delivery of the Conditional Sale Agreement or the Assignment or the Lease;

(8) this Conditional Sale Agreement, the Assignment and the Lease (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) have been filed for record or recorded in all public offices wherein such filing or recordation is necessary to protect the rights of the Assignee in the United States of America; and

(9) the offering, sale and delivery of the Conditional Sale Agreement and the conditional sale indebtedness payable thereunder under the circumstances contemplated by the Finance Agreement constitute an exempted transaction under the Securities Act of 1933, as amended, which does not require registration thereunder of the Conditional Sale Agreement, the Conditional Sale Indebtedness or the Certificates of Interest issued pursuant to the Finance Agreement, and under the Trust Indenture Act of 1939, which does not require qualification of an Indenture thereunder;

(b) Prior to or concurrently with the First Delivery Date, the Vendee, the Trustor, the Assignee, the Manufacturers, the Investors and Messrs. Chapman and Cutler shall have received the favorable written opinion of counsel for the Railroad, addressed to all of such parties, with respect to the matters set forth in paragraphs (6) and (7) of paragraph (a) of this Section 3.4 and to the further effect that:

(1) the Railroad is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Michigan;

(2) the Railroad has the corporate or other power and authority to own its property and carry on its business as now being conducted and is duly qualified to do business as a foreign corporation in all states in which such qualification is necessary to carry out the terms of the Lease, the Finance Agreement and the Tax Indemnity Agreement;

(3) the Lease, the Finance Agreement and the Tax Indemnity Agreement have been duly authorized, executed and delivered by the Railroad and constitute the valid, legal and binding agreements of the Railroad enforceable against the Railroad in accordance with their respective terms;

(4) this Conditional Sale Agreement, the Assignment and the Lease (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) have been filed for record or recorded in all public offices wherein such filing or recordation is necessary to protect the rights of the Assignee in the United States of America;

(5) no approval, consent or withholding of objection is required from any public regulatory body with respect to the entering into or performance by the Railroad of the Lease, the Finance Agreement or the Tax Indemnity Agreement;

(6) the execution and delivery by the Railroad of the Lease, the Finance Agreement and the Tax Indemnity Agreement do not violate any provision of any law, any order of any court or governmental agency, the charter or By-Laws of the Railroad, or any indenture, agreement or other instrument to which the Railroad is a party or

by which it or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Railroad;

(7) assuming execution and delivery of the Lease by the Vendee, the Lease constitutes the valid, legal and binding agreement of the Vendee enforceable against the Vendee in accordance with its terms; and

(8) as to any other matter which the Trustor or the Investors may reasonably request;

(c) Prior to or concurrently with the First Delivery Date, the Vendee, the Trustor, the Assignee, the Investors and Messrs. Chapman and Cutler shall have received the favorable written opinion of counsel for each Manufacturer, addressed to all of such parties, to the effect that:

(1) such Manufacturer is a duly organized and presently subsisting corporation under the laws of the state of its incorporation and has the power and authority to own its properties and to carry on its business as now conducted;

(2) the Conditional Sale Agreement and the Assignment have each been duly authorized, executed and delivered by such Manufacturer and, assuming due authorization, execution and delivery thereof by each other party thereto, are legal and valid instruments binding upon such Manufacturer and enforceable against such Manufacturer in accordance with their respective terms;

(3) the bill or bills of sale referred to in paragraph (1) below have each been duly authorized, executed and delivered by such Manufacturer and are valid and effective to vest in the Assignee all of such Manufacturer's security title and security interest to the Items of Equipment free and clear of all claims, liens and encumbrances except only the rights of the Railroad under the Lease and the rights of the Vendee under the Conditional Sale Agreement, and except for the vendor's lien and security interest in favor of such

Manufacurer referred to in said bill or bills of sale;

(d) Prior to or concurrently with the First Delivery Date, the Vendee, the Railroad, the Trustor, the Manufacturers, the Assignee, the Investors and Messrs. Chapman and Cutler shall have received the favorable written opinion of counsel for the Vendee, addressed to all of such parties, to the effect that:

(1) the Trust Agreement has been duly authorized, executed and delivered by the Vendee and constitutes a valid, binding and effective agreement and declaration of trust by the Vendee in accordance with the terms thereof;

(2) the Vendee has full right, power and authority under the Trust Agreement to enter into, execute and deliver the Conditional Sale Agreement and the Lease and to perform each and all of the matters and things provided for in said instruments; and

(3) the Conditional Sale Agreement and the Lease have been duly executed and delivered by the Vendee and constitute the legal, valid and binding instruments of the Vendee enforceable in accordance with their respective terms;

(e) Prior to or concurrently with the First Delivery Date, the Vendee, the Railroad, the Assignee, the Investors and Messrs. Chapman and Cutler shall have received the favorable written opinion of counsel for the Trustor, addressed to all of such parties, to the effect that:

(1) the Trustor is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction of its incorporation;

(2) the Trustor has full right, power and authority to enter into and perform the Trust Agreement in accordance with the terms thereof;

(3) the Trust Agreement has been duly authorized, executed and delivered by the Trustor and constitutes a valid instrument binding upon the Trustor enforceable against the Trustor in accordance with its terms;

(4) the Trust Agreement does not nor will the performance of the Trustor thereunder violate the provisions of any indenture or other agreement to which the Trustor is a party or by which the Trustor may be bound; and

(5) no approval, consent or withholding of objection on the part of any regulatory body, state, Federal or local is necessary in connection with the execution or performance by the Trustor of the Trust Agreement or, to the extent such approval, consent or other action is necessary, the same has been obtained and is in full force and effect;

(f) Prior to or concurrently with the First Delivery Date, the Assignee, the Investors and Messrs. Chapman and Cutler shall have received the favorable written opinion of Messrs. McCarthy & McCarthy, who are acting as special Canadian counsel for the Assignee and the Investors, addressed to the Assignee, the Investors and Messrs. Chapman and Cutler, to the effect that:

(1) financing statements with respect to this Agreement and the Assignment have been duly filed in the central office of the Registrar of Personal Property Security at Toronto, Ontario, and no further act, filing, recording or deposit (or giving of notice) is required in order fully to protect the rights of the Assignee in this Agreement and in the Equipment in the Province of Ontario, Canada, against any and all subsequent purchasers and mortgagees and from creditors of the Vendee and the Lessee;

(2) the Lease and the Conditional Sale Agreement have been deposited in the office of the Registrar General of Canada and upon publication of notice of such deposit (which has been effected or in respect of which due provision has been made) in The Canada Gazette in accordance with Section 86 of the Railway Act of Canada (1970-RSC) no other act, filing, recording or deposit (or giving of notice) in respect of the Lease is necessary in order to protect the interests thereunder of the Vendee and the Assignee in and to the Equipment in Canada;

(3) the Guarantor is a corporation legally incorporated and validly existing, in good standing, under the laws of the jurisdiction of its incorporation, with adequate corporate power to enter into the Guaranty Agreement;

(4) the Guaranty Agreement has been duly authorized, executed and delivered by the Guarantor and constitutes a legal and valid agreement binding upon the Guarantor and enforceable against the Guarantor in accordance with its terms; and

(5) no approval is required from any governmental ministry or agency or public regulatory body in Canada with respect to the entering into or performance of the Guaranty Agreement by the Guarantor, or if any such approval is required, such approval has been duly obtained.

(g) Prior to or concurrently with the First Delivery Date, the Assignee, the Investors, the Trustor, the Vendee and Messrs. Chapman and Cutler shall have received the favorable written opinion of counsel for the Guarantor, addressed to the Assignee, the Investors, the Trustor, the Vendee and Messrs. Chapman and Cutler, to the effect that:

(1) the Guarantor is a corporation legally incorporated and validly existing, in good standing, under the laws of the jurisdiction of its incorporation, with adequate corporate power to enter into the Guaranty Agreement;

(2) the Guaranty Agreement has been duly authorized, executed and delivered by the Guarantor and constitutes a legal and valid agreement binding upon the Guarantor and enforceable in accordance with its terms;

(3) no approval is required of any governmental ministry or agency or public regulatory body with respect to the entering into or performance of the Guaranty Agreement by the Guarantor, or, if any such approval is required, it has been duly obtained; and

(4) the entering into and performance of the Guaranty Agreement will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Guarantor is a party or by which it may be bound.

(h) Concurrently with the First Delivery Date the Railroad shall have delivered to the Vendee a certificate of a Vice President of the Railroad to the effect that no Event of Default, as specified herein or in the Lease, or any event which with the lapse of time and/or notice provided for herein or in the Lease would constitute such an Event of Default, has occurred and is continuing, and that there has been no material adverse change in the condition of the Railroad, financial or otherwise, since December 31, 1975;

(i) Concurrently with the First Delivery Date, the Assignee shall have received a bill or bills of sale from each Manufacturer to the Assignee transferring to the Assignee security title to all of the Items of Equipment built or to be built by such Manufacturer and described in Schedules A, B and/or C, as the case may be (subject to the reservation of a vendor's lien and security interest to secure the payments to be made by the Vendee pursuant to Section 3.3(a) hereof and to made by the Assignee pursuant to Section 5 of the Assignment) and warranting to the Assignee and to the Vendee that at the time of delivery of each such Item of Equipment to the Vendee under the Conditional Sale Agreement such Manufacturer will have legal title to such Items and good and lawful right to sell such Items, and title to such Items will be free of all claims, liens and encumbrances of any nature except only the rights of the Railroad under the Lease and the rights of the Vendee under the Conditional Sale Agreement, and except said reserved vendor's lien and security interest in favor of such Manufacturer; and

(j) Concurrently with the delivery to and acceptance by the Railroad under the Lease of each Item of Equipment in such Group, the Vendee shall have received from the Railroad a Certificate of Acceptance covering such Item of Equipment executed by a duly authorized representative of the Railroad pursuant to Section 1 of the Lease.

In giving the opinions specified in paragraphs (a) through (g) of this Section 3.4, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally. In giving the opinions specified in the preceding subparagraphs (a) and (b), counsel may in fact rely as to the title to the Items of Equipment upon the opinion of counsel for the Manufacturer of such Items.

3.5. The term "Closing Date" with respect to each Group shall mean such date (which is not more than thirty days following presentation by a Manufacturer to the Vendee of an invoice or invoices, certified by the Railroad, setting forth the Purchase Price of such Manufacturer's Items of Equipment included in such Group) as shall be fixed by the Railroad by written or telegraphic notice delivered to the Vendee, the Manufacturers and the Assignee at least eight business days prior to the Closing Date designated therein; provided that no Closing Date shall be later than June 30, 1977 for any Group.

3.6. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and holidays on which banks in the States of Illinois, Michigan or Minnesota are authorized or required to close. If any date on which a payment is to be made hereunder is not a business day, the amount otherwise payable on such date shall be payable on the next preceding business day.

3.7. Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months.

3.8. The Vendee will pay interest at the rate of 9.50% per annum upon all unpaid balances of indebtedness and (to the extent legally enforceable) upon interest, after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

3.9. All payments provided for in this Agreement shall be made by the Vendee in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

3.10. Except as provided in Section 6.1 hereof the Vendee shall not have the privilege of prepaying any installment of the indebtedness prior to the date it becomes due hereunder.

SECTION 4. TITLE TO THE EQUIPMENT.

4.1. Each Manufacturer shall and hereby does retain the full security title to and property in the Equipment built by it until the Vendee shall have made all of the payments hereunder and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee or the Railroad as herein provided. Any and all additions to the Equipment (not including, however, any parts installed on and additions to any Item of Equipment, any portion of whose cost is furnished by the Railroad and which are readily removable without causing material damage to such Item of Equipment, but

including parts installed on and replacements made to any Item of Equipment which are required by Section 7 of the Lease or constitute ordinary maintenance and repairs made by the Railroad pursuant to Section 8 of the Lease) and any and all replacements of the Equipment and of parts thereof shall constitute accessions to the Equipment and shall be subject to all terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

4.2. When and only when each Manufacturer shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment built by it, together with interest and all other payments as herein provided and all the Vendee's other obligations herein contained shall have been performed, absolute right to the possession of, title to and property in such Equipment shall pass to and vest in the Vendee without further transfer or action on the part of such Manufacturer, except that such Manufacturer, if requested by the Vendee so to do, will, at the cost and expense of the Vendee, execute a bill or bills of sale for such Equipment releasing its security title thereto and property therein to the Vendee or upon its order free of all liens and encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address specified in Section 19 hereof, and will, at the cost and expense of the Vendee, execute in the same manner and deliver at the same place, for filing, registering, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to such Equipment, and will pay to the Vendee any money paid to such Manufacturer pursuant to Section 6.1 hereof and not theretofore applied as provided in Section 6.2 hereof. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or to file such certificate within a reasonable time after written demand by the Vendee.

SECTION 5. MARKING OF EQUIPMENT.

The Vendee will use its best efforts to cause the Railroad to keep each Item of Equipment marked as contemplated by Section 4 of the Lease.

SECTION 6. CASUALTY OCCURRENCES.

6.1. In the event that any Item of Equipment (i) shall be or become lost, stolen, destroyed or, in the opinion of the Railroad pursuant to Section 11.2 of the Lease, irreparably damaged or permanently rendered unfit for use from any cause whatsoever, or (ii) shall be requisitioned or taken by any

governmental authority under the power of eminent domain or otherwise (each such occurrence, except for any requisition which by its terms is for an indefinite period or does not exceed the original term of the Lease, being hereinafter called a "Casualty Occurrence"), prior to the payment of the indebtedness in respect of the Purchase Price of such Item, together with interest thereon and all other payments required hereby, the Vendee shall promptly and fully, after it has actual knowledge thereof, inform the Manufacturer of such Item with regard thereto. When any Item of Equipment suffers a Casualty Occurrence the Vendee, on the date of payment of the next succeeding installment of principal and interest on such indebtedness following its knowledge of such Casualty Occurrence, shall pay to the Manufacturer the Casualty Payment (as defined in Section 6.4 hereof) of such Item as of the date of such payment. Each such payment shall be accompanied by notification from the Vendee identifying the amount thereof and the Item of Equipment involved and stating that said payment constitutes a Casualty Payment. Promptly following such payment, the Vendee will furnish to the Assignee, the Trustor and the Lessee a revised schedule of payments of principal and interest thereafter to be made hereunder in such number of counterparts as any such party may reasonably request.

6.2. Each Manufacturer shall, immediately upon receipt thereof, apply the money deposited pursuant to Section 6.1 to the prepayment of that portion of the Series A or Series B Conditional Sale Indebtedness in respect of the Purchase Price of any Items of Equipment having suffered a Casualty Occurrence, plus interest then accrued on the portion thereof so prepaid, but without premium. The semiannual payments of installment of principal of and interest on each Series of Conditional Sale Indebtedness relating to the remaining Equipment and interest thereon becoming due thereafter shall be redetermined on the basis of the amount of such Conditional Sale Indebtedness remaining unpaid and on the basis of the number of semiannual payments remaining immediately after such application.

6.3. Upon payment to the Manufacturer of the Casualty Payment in respect of an Item of Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such Item shall automatically pass to and vest in the Vendee without further transfer or action on the part of the Manufacturer thereof. The Manufacturer, if requested by the Vendee, will execute and deliver to the Vendee, at its address specified in Section 19 hereof, at the expense of the Vendee, appropriate instruments confirming such release to the Vendee of security title to and property in such Item, free of all liens and encumbrances created or retained hereby, in recordable form in order that the Vendee may make clear upon the public records the title of the Vendee to such Item.

SECTION 9. PROHIBITION AGAINST LIENS.

9.1. The Vendee will pay or satisfy and discharge any and all sums claimed by any party by, through or under the Vendee or its successors or assigns (other than the Railroad or its assigns) which, if unpaid, might become a lien or a charge upon any Item of Equipment equal or superior to the security title of the Manufacturer thereof, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of such Manufacturer, adversely affect the property or rights of such Manufacturer hereunder.

9.2. This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

SECTION 10. INDEMNITIES.

10.1. The Vendee shall cause the Railroad to assume all risk and expense arising from the possession, use, operation and maintenance of the Equipment.

10.2. Except to the extent provided in Section 2.5 hereof, the Vendee will bear the risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any Item or of all the Equipment.

10.3. Each Manufacturer for itself warrants that the Items of Equipment to be built by it will be built in accordance with the Specifications therefor and warrants that such Items of Equipment will be free from defects in material (except as to specialties incorporated therein specified by the Railroad and not manufactured by such Manufacturer, in respect of which such Manufacturer hereby appoints and constitutes the Railroad its agent and attorney-in-fact to assert and enforce from time to time in the name of such Manufacturer but for the account of the Vendee, the Railroad and such Manufacturer as their interests may appear and in all cases at the sole cost and expense of the Railroad whatever claims and rights such Manufacturer may have against the manufacturer of the specialty) or workmanship under normal use and service, each Manufacturer's obligation under this Section 10.3 being limited to making good at its plant any part or parts of any such Item of Equipment which shall, within one year after the delivery of such Item of Equipment to the

Vendee, be returned to the Manufacturer thereof with transportation charges prepaid and which such Manufacturer's examination shall disclose to its satisfaction to have been thus defective; provided, however, that this warranty shall not apply to (i) any components of an Item of Equipment which shall have been repaired or altered unless repaired or altered by the Manufacturer of such Item or its authorized service representatives, if, in its judgment, such repairs or alterations affect the stability of any such Item of Equipment or (ii) any such Item of Equipment which has been subject to misuse, negligence or accident. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF THE MANUFACTURERS, EXCEPT FOR THEIR OBLIGATIONS HEREUNDER AS LIMITED HEREBY, AND NEITHER MANUFACTURER ASSUMES OR AUTHORIZES ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF THE EQUIPMENT EXCEPT AS AFORESAID. IN NO EVENT SHALL THE MANUFACTURERS BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR COMMERCIAL LOSS. Each Manufacturer reserves the right to make changes in the design of, or add any improvements to, any Items of Equipment to be built by it at any time with the approval of the Railroad without incurring any obligation to make similar changes or additions in respect of other Items of Equipment previously delivered to the Railroad. Each Manufacturer further agrees with the Vendee that acceptance of any Items of Equipment under Section 2.4 hereof shall not be deemed a waiver by the Vendee of any of its rights under this Section 10.3.

10.4. It is hereby agreed that the Railroad shall be and is hereby constituted a third party beneficiary to each of the covenants and agreements of the Manufacturers expressed in this Section 10.

SECTION 11. PATENT INDEMNITIES.

11.1. Except in cases of designs specified by the Railroad and not developed or purported to be developed by such Manufacturer, and articles and materials specified by the Railroad and not manufactured by such Manufacturer, each Manufacturer agrees to indemnify, protect and hold harmless the Vendee from and against any and all liability, claims, demands, costs, charges, and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendee or the Railroad because of the use in or about the construction or operation of any Item of Equipment to be built by it, of any design, article or material which infringes or is claimed to infringe on or which is claimed to constitute contributory infringement with respect to any patent or other right. In case any Item of Equipment is held to constitute infringement of any patent or other similar right in respect of which liability may be charged against the Manufacturer thereof, and the use of any

Item of Equipment is enjoined, such Manufacturer shall, at its own expense and at its option, either procure for the Vendee and the Railroad the right to continue using such Item of Equipment or replace the same with non-infringing equipment or modify it so it becomes non-infringing. Without intending any limitation of the foregoing, each Manufacturer agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendee every claim, right and cause of action which such Manufacturer has or hereafter shall have against the originator of any design or against the seller or sellers of any designs or articles or materials purchased or otherwise acquired by such Manufacturer for use in or about the construction or operation of the Items of Equipment to be built by it on the ground that any such design, article or material or operation thereof infringes or is claimed to infringe on or to constitute contributory infringement with respect to any patent or other right, and each Manufacturer further agrees to execute and deliver to the Vendee all and every such further assurance as may be reasonably requested by the Vendee more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. Each Manufacturer will give notice to the Vendee of any claim known to such Manufacturer from which liability may be charged against the Vendee or the Railroad hereunder and the Vendee will give notice to each Manufacturer of any claim known to it from which liability may be charged against such Manufacturer hereunder.

11.2. The term "design" wherever used in this Agreement or in any assignment of this Agreement shall be deemed to include formulae, systems, processes and combinations.

11.3. The obligations and liabilities of the Manufacturers under this Section shall apply only to Equipment located and used in the continental United States, Canada and Mexico.

11.4. It is hereby agreed that the Railroad shall be and is hereby constituted a third party beneficiary to each of the covenants and agreements of the Manufacturers expressed in this Section 11.

SECTION 12. ASSIGNMENTS.

12.1. The Vendee will not, except as otherwise provided in the Trust Agreement, sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Section 8.2 hereof, transfer the right to possession of any Item of Equipment without first obtaining the written consent of the Manufacturers, which consent shall not be unreasonably withheld. No such sale, assignment or transfer shall subject the Manufacturers to any duty, obligation or liability whatsoever.

12.2. All or any of the rights, benefits and advantages of each Manufacturer under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by such Manufacturer and reassigned by an assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve such Manufacturer from, any of the obligations of such Manufacturer to construct and to deliver the Equipment in accordance with the provisions hereof or to respond to its guaranties, warranties and agreements contained herein, or relieve the Vendee of its obligations to the Manufacturers hereunder except as provided in Section 12.3 hereof.

12.3. Upon any such assignment either the assignor or the assignee shall give written notice to the Vendee and the Railroad, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all of the assigning Manufacturer's right, security title and interest in and to the Equipment, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee and the Railroad, respectively, of the notification of any such assignment, all payments thereafter to be made by the Vendee hereunder shall, to the extent so assigned, be made to the assignee at the address of the assignee specified in the aforesaid notice.

12.4. The Vendee recognizes that it is the custom of railroad equipment manufacturers or sellers to assign agreements of this character and understands that the assignment of this Agreement, or of some or all of the rights of the Manufacturer hereunder, is contemplated. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Manufacturers hereunder, and for the purpose of inducing such acquisition, that in the event of such assignment by the Manufacturers as hereinbefore provided the rights of such assignee to the entire unpaid Conditional Sale Indebtedness or such part thereof as may be assigned, together with the interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of either Manufacturer with respect to the Equipment or the delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by either Manufacturer. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee against and only against the Manufacturers.

12.5. In the event of any such assignment or successive assignments by the Manufacturers of security title to the Equipment and of the Manufacturers' rights hereunder with respect

thereto, the Vendee will, whenever requested by such assignee, change the names and word or words to be marked on each side of each Item of Equipment or, in the event such Item shall then be leased to the Railroad, the Vendee will use its best efforts to cause the Railroad pursuant to Section 4 of the Lease to change the names and word or words to be marked on each side of such Item, so as to indicate the security title of such assignee to the Equipment with such names and word or words as shall be specified by such assignee, subject to the requirements of the laws of the jurisdictions in which the Equipment shall be operated relating to such names and word or words for use on equipment covered by conditional sale agreements with respect to railroad equipment. The cost of marking such names and word or words with respect to the first assignee of this Agreement (or to a successor agent or trustee in case the first assignee is an agent or trustee) and with respect to the Vendee shall be borne by the Manufacturers. The cost of marking such names and word or words in connection with any subsequent assignment (other than to a successor agent or trustee if the first assignee is an agent or trustee) will be borne by the subsequent assignee.

12.6. In the event of any such assignment prior to the completion of delivery of the Equipment, the Vendee will, in connection with settlement for any Group of Equipment subsequent to such assignment, deliver to the assignee, at the time of delivery by the Vendee of notice fixing the Closing Date with respect to such Group, all documents reasonably required by the terms of such assignment to be delivered by the Vendee to the assignee in connection with such settlement, in such number of counterparts as may reasonably be requested.

SECTION 13. LIMITATION OF VENDEE'S OBLIGATIONS.

It is expressly understood and agreed by and between the Vendee, the Trustor under the Trust Agreement and the Manufacturers and their respective successors and assigns that this Agreement is executed by Harold K. Criswell, Albert C. Welti and Robert F. Whitworth, Jr., not individually or personally but solely as Trustees under the Trust Agreement in the exercise of the power and authority conferred and vested in them as such Trustees (and Harold K. Criswell, Albert C. Welti and Robert F. Whitworth, Jr. hereby warrant that they possess full power and authority to enter into and perform this Agreement and that the Equipment is and will remain free and clear of any liens and encumbrances which result from claims against the Trustees individually or as Trustees not related to the ownership of the Equipment or the administration of the Trust Estate or any other transaction pursuant to the Trust Agreement or the Operative

Agreements referred to therein); and it is expressly understood and agreed that, except in the case of gross negligence or wilful misconduct of the Trustees (which gross negligence or wilful misconduct shall not be imputed to the Trustor) and except as otherwise expressly stated herein, nothing herein contained shall be construed as creating any liability on Harold K. Criswell, Albert C. Welti or Robert F. Whitworth, Jr., or on the Trustor individually or personally or on any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Manufacturers and by each and every person now or hereafter claiming by, through or under the Manufacturers, and that so far as Harold K. Criswell, Albert C. Welti and Robert F. Whitworth, Jr. or the Trustor or on any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Trustor, individually or personally are concerned, the Manufacturers and any person claiming by, through or under the Manufacturers shall look solely to the Trust Estate as defined in the Trust Agreement for payment of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments and obligations as herein provided. Nothing in this Section 13 shall limit any rights of the Manufacturers under this Agreement against the Railroad.

SECTION 14. DEFAULTS.

14.1. In the event that any one or more of the following Events of Default shall occur and be continuing, to-wit:

(a) The Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder and such default shall continue for ten days;

(b) The Vendee shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any Item of Equipment or any portion thereof;

(c) The Vendee shall fail or refuse to comply with any covenant, agreement, term or provision of this Agreement or to make provision satisfactory to the Manufacturers for such compliance for more than 20 days after written notice from either Manufacturer specifying the default and demanding the same to be remedied;

(d) Any proceedings shall be commenced by or against the Vendee under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Vendee under this Agreement), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise

rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or for the property of the Vendee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(e) An Event of Default shall have occurred and be continuing under the Lease;

then at any time after the occurrence and during the continuance of such an Event of Default either Manufacturer may, upon written notice to the Vendee and upon compliance with any legal requirements then in force and applicable to such action by such Manufacturer, but without prejudice to any rights of the Vendee under the Lease with respect to any default thereunder, declare the entire Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such declaration at the rate of 9.50% per annum, to the extent legally enforceable, and each Manufacturer shall thereupon be entitled, subject to the provisions and limitations of Section 13 hereof, to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee subject to the provisions and limitations of Section 13 hereof.

14.2. In addition to the right of the Vendee to elect to cure a default hereunder as provided in Section 14.4 hereof, and notwithstanding the rights of the Manufacturers otherwise expressed in Section 14.1 hereof, in the case of any Event of Default under the Lease which can be cured by the payment of money, the Manufacturers may not, without the prior written consent of the Vendee and the Trustor, exercise any of the rights or remedies provided herein or in the Lease during a 15-day period following the giving of written notice of such Event of Default by a Manufacturer to the Vendee. During such 15-day period the Vendee and/or the Trustor shall have the right to cure any such Event of Default on behalf of the Railroad and any Event of Default so cured shall be deemed not to be continuing. No party exercising the right to cure an Event of Default pursuant to this Section 14.2 shall obtain any lien, charge or encumbrance of any kind on any Item of Equipment or any rentals or other amounts payable therefor under the Lease in respect of any sums paid or expenses incurred in connection with the exercise of such right or the curing of such Event of Default, nor shall the right of such party to

reimbursement from the Railroad or any other party for the repayment of such sums so advanced or expenses so incurred impair the prior rights of the Manufacturers to the sums payable by the Railroad under the Lease.

Nothing in this Section 14.2 contained shall be deemed to modify or amend any of the provisions of Section 24.2 or Section 24.3 hereof or any rights of the Manufacturers under this Agreement or render the Manufacturers liable to the Vendee or the Trustor for failure to give any notice hereinabove referred to or prevent the Manufacturers from terminating any consultations which the Manufacturers may have chosen to engage in with the Vendee and in any event to proceed with and enforce any rights of the Manufacturers under this Agreement after the giving of notice as herein provided.

14.3. The Manufacturers may waive any Event of Default hereunder and its consequences and rescind and annul any such declaration by notice to the Vendee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such default had existed and no such declaration had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

14.4. Any default hereunder shall be deemed cured and not continuing if the Vendee, prior to any sale by the Manufacturers of the Equipment as provided in Section 15.3, shall pay or cause to be paid to the Manufacturers the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement.

SECTION 15. REMEDIES.

15.1. If an Event of Default shall have occurred and be continuing as hereinbefore provided, then at any time after the entire indebtedness in respect of the Purchase Price of the Equipment shall have been declared immediately due and payable as hereinbefore provided and during the continuance of such default, the Manufacturers may, upon such further notice, if any, as may be required for compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Manufacturers, take or cause to be taken by either or both of their respective agents immediate possession of the Equipment, or any Item thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Section 15 expressly provided, and may remove the same from possession and use of the Vendee (but subject to the then existing rights and interests of the Railroad under the Lease, if any) and for such purpose may enter upon premises where the Equipment may be located without judicial process if this can be done without breach of the peace, and may use and employ in connection with such removal any supplies, services and aids and any available facilities or means of the Vendee or the Railroad.

15.2. In case the Manufacturers shall rightly demand possession of the Equipment in pursuance of this Agreement and shall reasonably designate a facility on the lines of the Railroad for the delivery of the Equipment to the Manufacturer, the Vendee shall use its best efforts to cause the Railroad, at the expense of the Railroad, forthwith and in the usual manner to cause the Equipment to be moved to such facility as shall be reasonably designated by the Manufacturers and shall there deliver the Equipment or cause it to be delivered to the Manufacturers. The agreement to deliver the Equipment as hereinbefore provided is of the essence of this Agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Manufacturers shall be entitled to a decree against the Vendee requiring specific performance hereof. The Vendee hereby expressly waives any and all claims against the Manufacturers and either or both of their respective agents for damages of whatever nature in connection with any retaking of any Item of Equipment in any reasonable manner.

15.3. If an Event of Default shall have occurred and be continuing as hereinbefore provided, then at any time thereafter during the continuance of such default and after the entire indebtedness in respect of the Purchase Price of the Equipment shall have been declared immediately due and payable as hereinbefore provided, the Manufacturers with or without the retaking of possession thereof may, at their election, sell the Equipment, or any Item thereof, free from any and all claims of the Vendee, or of any other party claiming by, through or under the Vendee (but subject to the then existing rights of the Railroad under the Lease, if any), at law or in equity, at public or private sale and with or without advertisement as the Manufacturers may determine and as is commercially reasonable; and the proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Manufacturers in taking possession of, removing, storing and selling the Equipment, shall be credited to the amount due to the Manufacturers under the provisions of this Agreement.

15.4. Any sale hereunder may be held or conducted at such place or places and at such time or times as the Manufacturers may specify, in one lot and as an entirety, or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Manufacturers may determine, provided that the Vendee and the Railroad shall be given written notice of such sale not less than ten business days prior thereto, by mail addressed as provided herein and provided further that such sale shall be conducted in a commercially reasonable manner. If such sale shall be a private sale, it shall be subject to the rights of the Vendee and the Trustor to purchase or provide a purchaser, within ten business days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. The Manufacturers may bid for and become the purchasers

of the Equipment, or any Item thereof, so offered for sale without accountability to the Vendee (except to the extent of surplus money received as hereinafter provided in this Section), and in payment of the purchase price therefor the Manufacturers shall be entitled to have credited on account thereof all sums due to the Manufacturers from the Vendee hereunder.

15.5. Each and every power and remedy hereby specifically given to the Manufacturers shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Manufacturers; provided that the Manufacturers agree that they will not retain the Equipment in satisfaction of the Conditional Sale Indebtedness. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Manufacturers in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

15.6. All sums of money realized by the Manufacturers under the remedies herein provided shall be applied, first to the payment of costs and expenses of suit, if any, and of such sale and of all proper expenses, liabilities and advances, including legal expenses and attorneys' fees incurred or made by the Manufacturers (but only to the extent such costs, expenses, liabilities and advances have not been otherwise paid by the Railroad), second to the payment of interest on the indebtedness in respect of the Purchase Price of the Equipment accrued and unpaid and third to the payment of the indebtedness in respect of the Purchase Price of the Equipment. If, after applying as aforesaid all sums of money realized by the Manufacturers, there shall remain any amount due to them under the provisions of this Agreement, the Manufacturers may bring suit therefor and shall be entitled to recover a judgment therefor against the Vendee, subject to the provisions of Section 13 hereof. If, after applying as aforesaid all sums realized by the Manufacturers, there shall remain a surplus in the possession of the Manufacturers, such surplus shall be paid to the Vendee.

15.7. The Vendee, subject to the provisions of Section 13 hereof, will pay all reasonable expenses, including attorneys' fees, incurred by the Manufacturers in enforcing their remedies under the terms of this Agreement. In the event that the Manufacturers shall bring any suit to enforce any of their rights hereunder and shall be entitled to judgment, then in such suit the Manufacturers may recover reasonable expenses, including attorneys' fees and the amount thereof shall be included in such judgment.

15.8. The foregoing provisions of this Section are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto. No remedies herein provided shall be exercised in such manner as to violate any rights of the Railroad under the Lease unless an Event of Default shall have occurred and be continuing under the Lease.

SECTION 16. APPLICABLE STATE LAWS.

16.1. Any provision of this Agreement prohibited by any applicable law of any state, or which by any applicable law of any state would convert this Agreement into any instrument other than an agreement of conditional sale, shall as to such state be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable state law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale and enforced as such.

16.2. Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell the Equipment, or any Item thereof, and any other requirements as to the time, place and terms of sale thereof, and other requirements with respect to the enforcement of the Manufacturers' rights hereunder and any and all rights of redemption.

16.3. Nothing in this Section 16 or any other provision of this Agreement shall be deemed to make ineffective, or to modify or waive, the provisions and limitations of Section 13 hereof.

SECTION 17. EXTENSION NOT A WAIVER.

No delay or omission in the exercise of any power or remedy herein provided or otherwise available to the Manufacturers shall impair or affect the Manufacturers' right thereafter to exercise the same. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee shall not otherwise alter or affect the Manufacturers' rights or the obligations of the Vendee hereunder. The Manufacturers' acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Manufacturers' rights hereunder with respect to any subsequent payments or defaults therein.

SECTION 18. RECORDING.

Subject to the provisions of Section 13 hereof, the Vendee will cause this Agreement, the first assignment hereof and any supplements hereto and thereto (or a financing or continuation statement or similar notice thereof if and to the extent permitted or required by applicable law) to be filed, recorded or deposited and refiled, re-recorded or redeposited, if necessary, in all public offices as may be required by law or reasonably requested by the Manufacturers for the purpose of proper protection, to the satisfaction of counsel for the Manufacturers and the Assignee, of the security title to the Equipment and the rights of the Manufacturers under this Agreement and of the Assignee under the Assignment or for the purpose of carrying out the intention of this Agreement and the Assignment; and the Vendee or the Railroad will promptly furnish to the Manufacturers certificates or other evidences of such filing, recording or depositing, and an opinion or opinions of counsel for the Vendee or the Railroad with respect thereto, satisfactory to the Manufacturers. Without limiting the foregoing, the Vendee shall take all such other action required by law or reasonably requested by the Manufacturers for the purpose of proper protection, to the satisfaction of counsel for the Manufacturers and the Assignee, of the security title to the Equipment and the rights of the Manufacturers under this Agreement and of the Assignee under the Assignment or for the purpose of carrying out the intention of this Agreement and the Assignment.

SECTION 19. NOTICE.

Any notice required or permitted to be given by any party hereto to another shall be deemed to have been given when deposited in the United States certified mail, first class, postage prepaid, addressed as follows:

(a) to the Vendee: c/o Matrix Leasing International Inc., Bank of America Center, San Francisco, California 94104, with a copy to Cargill Leasing Corporation, Box 9300, Minneapolis, Minnesota 55440, Attention: Robert Lumpkins, Executive Vice President.

(b) to the Railroad: Grand Trunk Western Railroad Company, 131 West Lafayette Street, Detroit, Michigan 48226, Attention: Secretary, with a copy of such notice to be furnished in the manner provided above, addressed to: Canadian National Railway Company, 935 LaGauchetiere Street West, Montreal, Canada H3C 3N4, Attention: Treasurer.

(c) to the Manufacturers:

ACF Industries, Incorporated
750 Third Avenue
New York, New York 10017
Attention: Secretary

Whitehead and Kales Company
58 Haltiner Street
Detroit, Michigan 48218
Attention: Vice President - Finance

(d) to the Assignee, at 231 South LaSalle Street, Chicago, Illinois 60690, Attention: Corporate Trust Department, or to any other assignee of the Manufacturers, or of the Vendee or the Assignee, at such address as may have been furnished in writing to the Vendee or the Manufacturers, as the case may be, and to the Railroad, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

SECTION 20. HEADINGS AND TABLE OF CONTENTS.

All section headings and the table of contents are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

SECTION 21. EFFECT AND MODIFICATION OF AGREEMENTS.

This Agreement and the Schedules relating hereto, together with the Lease exclusively and completely state the rights and agreements of the Manufacturers and the Vendee with respect to the Equipment and supersede all other agreements, oral or written, with respect to the Equipment. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and duly executed on behalf of the Manufacturers and the Vendee. Without the prior written consent (which shall not be unreasonably withheld) of the Manufacturers, the Vendee will not consent to any amendment, modification, waiver or supplement to the Lease or, except in accordance with Section 13 thereof, cancel or terminate the Lease prior to the payment in full of the Conditional Sale Indebtedness, together with interest thereon.

SECTION 22. LAW GOVERNING.

The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Michigan.

SECTION 23. CERTAIN DEFINITIONS.

The term "Manufacturers", whenever used in this Agreement, means, before any assignment of any of their rights hereunder, ACF Industries, Incorporated, and Whitehead and Kales Company, and any successor or successors for the time being to the manufacturing properties and business of each respectively, and, after

any such assignment, any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained and excluded from any such assignment. The rights and undertakings of each Manufacturer hereunder are several and not joint.

SECTION 24. ASSIGNMENT OVER AND GRANT OF SECURITY INTEREST IN THE LEASE.

24.1. In order to further secure the payment of the Conditional Sale Indebtedness, the interest thereon and the payment or performance of all of the Vendee's obligations contained in this Agreement, the Vendee hereby assigns, transfers and sets over to the Manufacturers and grants the Manufacturers a security interest in all right, title, interest, claims and demands of the Vendee as lessor in, under and to the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Vendee as lessor under the Lease, including, without limitation, but subject to the exceptions, reservations and limitations contained in Section 24.6 below:

(a) the immediate and continuing right to receive and collect all rentals, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the lessor under the Lease pursuant thereto;

(b) the right to make all waivers and agreements with respect to the Lease; and

(c) the right to take such action upon the occurrence of a default or an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Vendee or any lessor is or may be entitled to do under the Lease;

it being the intent and purpose hereof that the assignment and transfer to the Manufacturers of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Manufacturers shall have the right to collect and receive said rentals and other sums for application to the payment of the Conditional Sale Indebtedness to the extent of their respective interests, together with the interest thereon and the other

obligations of the Vendee hereby secured at all times during the period from and after the date of this Agreement until the Conditional Sale Indebtedness, together with the interest thereon and all other obligations of the Vendee hereby secured, have been fully paid and discharged.

24.2. Subject to Section 24.6 hereof, the Vendee agrees that it will not:

(a) declare a default or exercise the remedies of the lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification, surrender or termination of, the Lease in respect of the Equipment (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof; or

(b) receive or collect or permit the receipt or collection of any rentals or Casualty Value payments prior to the date for the payment thereof provided for by the Lease (unless received without fault and promptly remitted to the Manufacturers) or assign, transfer or hypothecate (other than to the Manufacturers hereunder) any rentals or Casualty Value payments then due or to accrue in the future under the Lease.

24.3. The Vendee does hereby irrevocably constitute and appoint the Manufacturers its true and lawful attorneys with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rentals and other payments (except as set forth in Section 24.6 hereof) and sums which are assigned under Section 24.1 hereof and, following the occurrence of an Event of Default hereunder, full power to settle, adjust or compromise any claim thereunder as fully as the Vendee could itself do, and to endorse the name of the Vendee on all commercial paper given in payment or in part payment thereof, and in their discretion to file any claim or take any other action or proceedings, either in their own names or in the name of the Vendee or otherwise, which the Manufacturers may deem necessary or appropriate to protect and preserve the right, title and interest of the Manufacturers in and to such rentals and other payments and sums and the security intended to be afforded hereby.

24.4. This assignment being made only as security shall not subject the Manufacturers to, or transfer, or pass, or in any way affect or modify, the liability of the Vendee under the Lease, it being understood and agreed that notwithstanding this assignment, or any subsequent assignment, all obligations of the Vendee to the Railroad, as lessee under the Lease, shall be and remain enforceable by the Railroad, as lessee, its successors and assigns, against, and only against, the Vendee. Further, the Vendee covenants and agrees that it will perform all its obligations to be performed under the terms of the Lease, and hereby irrevocably authorizes and empowers the Manufacturers, in their own names, or in the name of their nominee, or in the name of the Vendee, as its attorney, on the happening of any failure by the Vendee, to perform or cause to be performed any such obligation.

24.5. Upon the discharge and satisfaction of the full amount of the Series A Conditional Sale Indebtedness, together with interest thereon as herein provided and the performance of all of the Vendee's obligations herein contained with respect to the Series A Equipment, and so long as no Event of Default (or event which with the passage of time or the giving of notice or both would constitute an Event of Default) shall have occurred and be continuing, the assignment made hereby and all rights herein assigned to the Manufacturers with respect to the Series A Equipment shall cease and terminate, and all estate, right, security title and interest of the Vendee in and to the Lease insofar as the same relates to the Series A Equipment shall revert to the Vendee.

Upon the full discharge and satisfaction of the full amount of the Conditional Sale Indebtedness, together with interest as herein provided and the performance of all of the Vendee's obligations herein contained, the assignment made hereby and all rights herein assigned to the Manufacturers shall cease and terminate, and all estate, right, security title and interest of the Vendee in and to the Lease shall revert to the Vendee.

24.6. There are expressly excepted and reserved from the assignment and security interest provided for in Section 24.1 above the following described properties, rights, interests and privileges:

(a) all payments of any indemnity under Section 6 of the Lease which are payable to the Vendee or the Trustor for its own account;

(b) if an Event of Default under the Lease based on a breach of any covenant of the Railroad to pay any such indemnity or payment referred to under paragraph (a) of this Section 24.6 shall occur and be continuing, the right of the Vendee to declare that an Event of Default exists under the Lease and the right of the Vendee or the Trustor to exercise the remedies, but only those remedies, provided for in Section 14.2(a) of the Lease to enforce performance by the Lessee of any covenants of the Lessee to pay any such indemnity or payment directly to the Vendee or the Trustor or to recover damages for the breach thereof; and

(c) any insurance proceeds payable under general public liability policies maintained by the Railroad pursuant to Section 11 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Vendee or the Trustor for its own account.

SECTION 25. EXECUTION.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. This Agreement is dated for convenience as of the date first above written.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed all as of the date first above written.

ACF INDUSTRIES, INCORPORATED

By Juan A. Burns
Its VICE PRESIDENT
MANUFACTURER

(Corporate Seal)

Attest:

Tom C. Hall
Secretary

WHITEHEAD AND KALES COMPANY

(Corporate Seal)

Attest:

Its _____

By _____
Its _____
MANUFACTURER

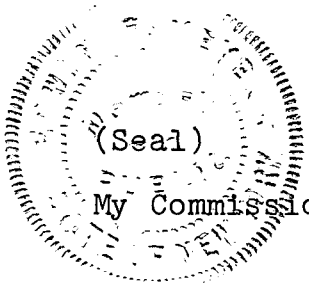
HAROLD K. CRISWELL, ALBERT C. WELTI
AND ROBERT F. WHITWORTH JR., as
Trustees Under G.T.W. Trust No. 77-1

By *Albert C. Welty*
TRUSTEE

STATE OF NEW YORK
COUNTY OF NEW YORK

)
) SS
)

On this 18th day of March, 1977, before me personally appeared IVAN A. BURNS, to me personally known, who, being by me duly sworn, says that he is a VICE PRESIDENT of ACF Industries, Incorporated, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Edwin F. Meyer
Notary Public

EDWIN F. MEYER
NOTARY PUBLIC, State of New York
No. 30-7917803
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1978

STATE OF MICHIGAN
COUNTY OF WAYNE

)
) SS
)

On this _____ day of _____, 1977, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a _____ of Whitehead and Kales Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

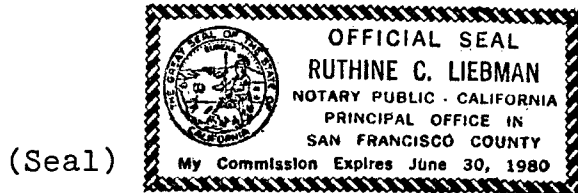
Notary Public

(Seal)

My Commission Expires: _____

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On the 17th day of March, 1977, before me personally appeared Albert C. Welte, to me known to be one of the persons described in and who executed the foregoing instrument, and he acknowledged that he executed the same as his true act and deed.



Ruthine C. Liebman
Notary Public

My Commission Expires: June 30, 1980

SCHEDULE A
(to Conditional Sale Agreement)

MANUFACTURER: Whitehead and Kales Company

PLANT OF MANUFACTURER: River Rouge, Michigan

DESCRIPTION OF EQUIPMENT: The 40-Tri-level Auto Racks shall bear Rack Numbers GTW 310000 through GTW 310039, both inclusive.

SPECIFICATIONS: Fully enclosed tri-level auto racks, Model LH-21, equipped with Whitehead and Kales radial end doors, 60 rachets, 60 idler assemblies, and 60 chain assemblies per car

BASE PRICE: \$28,344

MAXIMUM PURCHASE PRICE: \$30,450 per Item (\$1,218,000 for 40 Items)

DELIVER TO: Grand Trunk Western Railroad Company

PLACE OF DELIVERY: River Rouge, Michigan

ESTIMATED DELIVERY DATE: May, 1977

OUTSIDE DELIVERY DATE: June 30, 1977

Lessee: Grand Trunk Western Railroad Company

Assignee of Manufacturer: Continental Illinois National Bank
and Trust Company of Chicago

(G.T.W. Trust No. 77-1)

SCHEDULE B
(to Conditional Sale Agreement)

MANUFACTURER: ACF Industries, Incorporated

PLANT OF MANUFACTURER: St. Louis, Missouri

DESCRIPTION OF EQUIPMENT: 50 60-ft. Box Cars bearing Road
Numbers GTW 375550 to GTW
375599, both inclusive.

SPECIFICATIONS: 60'9" 100-ton cushioned under-
frame DF-1 interior equipment
16' double sliding door (as more
specifically described in ACF
No. 11-06643 dated February 4,
1977).

BASE PRICE: \$36,631

MAXIMUM PURCHASE PRICE: \$38,325 per Item (\$1,916,250
for 50 Items)

DELIVER TO: Grand Trunk Western Railroad Company

PLACE OF DELIVERY: St. Louis, Missouri or Battlecreek,
Michigan

ESTIMATED DELIVERY DATE: March, 1977

OUTSIDE DELIVERY DATE: June 30, 1977

Lessee: Grand Trunk Western Railroad Company

Assignee of Manufacturer: Continental Illinois National Bank
and Trust Company of Chicago

(G.T.W. Trust No. 77-1)

SCHEDULE C
(to Conditional Sale Agreement)

MANUFACTURER: ACF Industries, Inc.

PLANT OF MANUFACTURER: St. Louis, Missouri

DESCRIPTION OF EQUIPMENT: 40 89'4" Flat Cars bearing Road Numbers GTW 310000 to GTW 310039, both inclusive.

SPECIFICATIONS: 89'4" 70-ton low-deck flat cars, equipped with 10-inch end-of-car cushioning (as more specifically described in ACF No. 11-04160 dated February 11, 1977)

BASE PRICE: \$30,900

MAXIMUM PURCHASE PRICE: \$32,550 per Item (\$1,302,000 for 40 Items)

DELIVER TO: Grand Trunk Western Railroad Company

PLACE OF DELIVERY: St. Louis, Missouri or Detroit, Michigan

ESTIMATED DELIVERY DATE: March, 1977

OUTSIDE DELIVERY DATE: June 30, 1977

Lessee: Grand Trunk Western Railroad Company

Assignee of Manufacturer: Continental Illinois National Bank
and Trust Company of Chicago

(G.T.W. Trust No. 77-1)

DEBT AMORTIZATION SCHEDULE

SERIES A CONDITIONAL SALE INDEBTEDNESS

The following figures are percentages of the original aggregate principal amount of Series A Conditional Sale Indebtedness:

<u>Date</u>	<u>Interest Expense</u>	<u>Principal Repayment</u>	<u>Total Debt Service</u>	<u>Ending Balance</u>
7/15/77	-	-	-	100.000000%
1/15/78	4.250000%	2.538002%	6.788002%	97.461998
7/15/78	4.142135	2.645868	6.788002	94.816130
1/15/79	4.029686	2.758317	6.788002	92.057813
7/15/79	3.912457	2.875545	6.788002	89.182268
1/15/80	3.790246	2.997756	6.788002	86.184512
7/15/80	3.662842	3.125161	6.788002	83.059351
1/15/81	3.530022	3.257980	6.788002	79.801371
7/15/81	3.391558	3.396444	6.788002	76.404927
1/15/82	3.247209	3.540793	6.788002	72.864134
7/15/82	3.096726	3.691277	6.788002	69.172857
1/15/83	2.939846	3.848156	6.788002	65.324701
7/15/83	2.776300	4.011703	6.788002	61.312999
1/15/84	2.605802	4.182200	6.788002	57.130799
7/15/84	2.428059	4.359943	6.788002	52.770855
1/15/85	2.242761	4.545241	6.788002	48.225614
7/15/85	2.049589	4.738414	6.788002	43.487200
1/15/86	1.848206	4.939796	6.788002	38.547404
7/15/86	1.638265	5.149738	6.788002	33.397666
1/15/87	1.419401	5.368602	6.788002	28.029065
7/15/87	1.191235	5.596767	6.788002	22.432297
1/15/88	0.953373	5.834630	6.788002	16.597668
7/15/88	0.705401	6.082602	6.788002	10.515066
1/15/89	0.446890	6.341112	6.788002	4.173954
7/15/89	0.177393	4.173954	4.351347	0.000000

SCHEDULE D
(to Conditional Sale Agreement)

DEBT AMORTIZATION SCHEDULE

SERIES B CONDITIONAL SALE INDEBTEDNESS

The following figures are percentages of the original aggregate principal amount of Series A Conditional Sale Indebtedness:

<u>Date</u>	<u>Interest Expense</u>	<u>Principal Repayment</u>	<u>Total Debt Service</u>	<u>Ending Balance</u>
7/15/77				100.000000%
1/15/78	4.250000%	0.708471%	4.958471%	99.291529
7/15/78	4.219890	0.738581	4.958471	98.552948
1/15/79	4.188500	0.769971	4.958471	97.782977
7/15/79	4.155777	0.802695	4.958471	96.980282
1/15/80	4.121662	0.836809	4.958471	96.143473
7/15/80	4.086098	0.872374	4.958471	95.271099
1/15/81	4.049022	0.909450	4.958471	94.361649
7/15/81	4.010370	0.948101	4.958471	93.413548
1/15/82	3.970076	0.988395	4.958471	92.425153
7/15/82	3.928069	1.030402	4.958471	91.394751
1/15/83	3.884277	1.074194	4.958471	90.320556
7/15/83	3.838624	1.119848	4.958471	89.200709
1/15/84	3.791030	1.167441	4.958471	88.033268
7/15/84	3.741414	1.217057	4.958471	86.816210
1/15/85	3.689689	1.268782	4.958471	85.547428
7/15/85	3.635766	1.322706	4.958471	84.224723
1/15/86	3.579551	1.378921	4.958471	82.845802
7/15/86	3.520947	1.437525	4.958471	81.408278
1/15/87	3.459852	1.498619	4.958471	79.909658
7/15/87	3.396160	1.562311	4.958471	78.347347
1/15/88	3.329762	1.628709	4.958471	76.718638
7/15/88	3.260542	1.697929	4.958471	75.020709
1/15/89	3.188380	1.770091	4.958471	73.250618
7/15/89	3.113151	1.845320	4.958471	71.405298
1/15/90	3.034725	1.923746	4.958471	69.481552
7/15/90	2.952966	2.005505	4.958471	67.476047
1/15/91	2.867732	2.090739	4.958471	65.385308
7/15/91	2.778876	2.179596	4.958471	63.205712
1/15/92	2.686243	2.272228	4.958471	60.933484
7/15/92	2.589673	2.368798	4.958471	58.564686
1/15/93	2.488999	2.469472	4.958471	56.095213
7/15/93	2.384047	2.574425	4.958471	53.520789
1/15/94	2.274634	2.683838	4.958471	50.836951

SCHEDULE E
(to Conditional Sale Agreement)

<u>Date</u>	<u>Interest Expense</u>	<u>Principal Repayment</u>	<u>Total Debt Service</u>	<u>Ending Balance</u>
7/15/94	2.160570%	2.797901%	4.958471%	48.039050%
1/15/95	2.041660	2.916812	4.958471	45.122239
7/15/95	1.917695	3.040776	4.958471	42.081463
1/15/96	1.788462	3.170009	4.958471	38.911454
7/15/96	1.653737	3.304734	4.958471	35.606719
1/15/97	1.513286	3.445186	4.958471	32.161533
7/15/97	1.366865	3.591606	4.958471	28.569927
1/15/98	1.214222	3.744249	4.958471	24.825678
7/15/98	1.055091	2.512884	3.567975	22.312794
1/15/99	0.948294	2.619681	3.567975	19.693113
7/15/99	0.836957	2.620803	3.457761	17.072309
1/15/00	0.725573	2.732187	3.457761	14.340122
7/15/00	0.609455	4.174701	4.784156	10.165421
1/15/01	0.432030	4.352126	4.784156	5.813295
7/15/01	0.247065	5.813295	6.060360	0.000000

<u>Date</u>	<u>Interest Expense</u>	<u>Principal Repayment</u>	<u>Total Debt Service</u>	<u>Ending Balance</u>
7/15/94	2.160570%	2.797901%	4.958471%	48.039050%
1/15/95	2.041660	2.916812	4.958471	45.122239
7/15/95	1.917695	3.040776	4.958471	42.081463
1/15/96	1.788462	3.170009	4.958471	38.911454
7/15/96	1.653737	3.304734	4.958471	35.606719
1/15/97	1.513286	3.445186	4.958471	32.161533
7/15/97	1.366865	3.591606	4.958471	28.569927
1/15/98	1.214222	3.744249	4.958471	24.825678
7/15/98	1.055091	2.512884	3.567975	22.312794
1/15/99	0.948294	2.619681	3.567975	19.693113
7/15/99	0.836957	2.620803	3.457761	17.072309
1/15/00	0.725573	2.732187	3.457761	14.340122
7/15/00	0.609455	4.174701	4.784156	10.165421
1/15/01	0.432030	4.352126	4.784156	5.813295
7/15/01	0.247065	5.813295	6.060360	0.000000

CONDITIONAL SALE AGREEMENT

Dated as of February 1, 1977

Among

ACF INDUSTRIES, INCORPORATED

and

WHITEHEAD AND KALES COMPANY

as Manufacturers

and

HAROLD K. CRISWELL, ALBERT C. WELTI
and ROBERT F. WHITWORTH, JR.,

as Trustees under G.T.W. Trust No. 77-1

Vendee

(G.T.W. Trust No. 77-1)
(50 Box Cars; 40 Flat Cars; 40 Auto Racks)

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CONDITIONAL SALE AGREEMENT dated as of February 1, 1977 (this "Agreement") among ACF INDUSTRIES, INCORPORATED and WHITEHEAD AND KALES COMPANY (collectively, the "Manufacturers" and individually, a "Manufacturer") and HAROLD K. CRISWELL, ALBERT C. WELTI and ROBERT F. WHITWORTH, JR., as Trustees under G.T.W. Trust No. 77-1 (the "Vendee") pursuant to the Trust Agreement dated as of February 1, 1977 (the "Trust Agreement") among the Trustees and CARGILL LEASING CORPORATION (the "Trustor").

RECITALS

A. The Manufacturers are each willing to construct, sell and deliver to the Vendee, and the Vendee is willing to purchase, the respective items of railroad equipment to be built by such Manufacturers as described in Schedules A, B and C attached hereto (the Equipment described in Schedule A being hereinafter sometimes referred to as the "Series A Equipment" and the Equipment described in Schedules B and C being hereinafter sometimes referred to as the "Series B Equipment", said Series A and Series B Equipment being hereinafter sometimes collectively referred to as the "Items of Equipment" or "Equipment" and individually, an "Item" or "Item of Equipment");

B. The following terms shall have the following meanings unless the context shall otherwise require:

1. "Finance Agreement" shall mean the Finance Agreement dated as of February 1, 1977 among the Railroad, the Assignee and the parties named in Schedule 1 thereto (the "Investors").

2. "Assignment" shall mean the Agreement and Assignment dated as of February 1, 1977 among the Manufacturers and the Assignee.

3. "Assignee" shall mean Continental Illinois National Bank and Trust Company of Chicago, as agent and assignee under the Assignment, and its successors in interest thereunder.

4. "Guaranty Agreement" shall mean the Guaranty Agreement dated as of February 1, 1977 among Canadian National Railway Company (the "Guarantor"), the Vendee, the Trustor and the Assignee.

5. "Lease" shall mean the Equipment Lease dated as of February 1, 1977 between the Vendee, as lessor, and the Railroad.

6. The "Railroad" shall mean Grand Trunk Western Railroad Company.

7. "Tax Indemnity Agreement" shall mean the Tax Indemnity Agreement dated as of February 1, 1977 between the Railroad and the Trustor.

In consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto agree as follows:

SECTION 1. CONSTRUCTION AND SALE.

Each Manufacturer will construct, sell and deliver to the Vendee, and the Vendee will purchase from each Manufacturer and accept delivery of and pay for as hereinafter provided, those Items of Equipment which are indicated on Schedules A, B and C attached hereto to be constructed and sold by such Manufacturer, each Item of which shall be new equipment constructed in accordance with the applicable specifications referred to in said Schedules A, B and C with such modifications thereof as may be agreed upon in writing by the Vendee, the Railroad and the respective Manufacturer (which specifications and modifications, if any, are hereinafter called the "Specifications"). The design and quality of equipment and material in such Items shall conform to all Department of Transportation and/or Interstate Commerce Commission requirements and specifications for new equipment, if any, and to all standards of the Association of American Railroads, if any (and, in each case, any successor organization) applicable to new railroad equipment of the character of such Items as of the date of this Agreement.

SECTION 2. DELIVERY.

2.1. Each Manufacturer will deliver the various Items of Equipment to be manufactured by it to the Vendee in accordance with the applicable delivery schedule set forth in said Schedules A, B and C attached hereto; provided, however, that the Manufacturers shall have no obligation to deliver any Item of Equipment hereunder so long as any Event of Default pursuant to Section 14.1 hereof shall have occurred and be continuing. Each Manufacturer agrees to give the Railroad, the Vendee and the Assignee not less than seven business days prior written notice of the delivery of the first Item of Equipment to be manufactured by it hereunder. Each Manufacturer agrees not to deliver and the Vendee shall have no obligation to accept any Items of Equipment following notice to such Manufacturer from the Vendee, the Railroad or the Assignee that any Event of Default pursuant to Section 14.1 hereof has occurred and is continuing.

2.2. Each Manufacturer's obligations as to time of delivery is subject, however, to delays resulting from causes beyond such Manufacturer's reasonable control, including, but not limited to, acts of God, acts of government such as embargoes,

priorities and allocations, war or war conditions, riots or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, or delays in receiving necessary materials or delays of carriers or subcontractors.

2.3. Notwithstanding the foregoing provisions in this Section 2, the Vendee shall not be obligated hereunder to accept and pay for any Equipment not delivered and accepted on or before the outside delivery date provided therefor in Schedules A, B and C, respectively. Any Equipment not so delivered and accepted pursuant to Sections 2.1 and 2.4 hereof shall be excluded from this Agreement and not included in the term "Equipment" as used in this Agreement. In the event of any such exclusion the Vendee and the Manufacturer of such excluded Item shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not excluded herefrom, and such Manufacturer agrees to look solely to the obligations of the Lessee pursuant to Section 1.2 of the Lease in respect of such excluded Item of Equipment.

2.4. The Equipment during construction shall be subject to inspection by an inspector or other authorized representative of the Railroad and the Vendee. Acceptance of any Items of Equipment by the Railroad under the Lease shall be deemed to be acceptance of such by the Vendee hereunder, and the Vendee agrees to cause the Railroad to furnish the Certificate or Certificates of Acceptance under the Lease to the Manufacturers in such number of counterparts as may be reasonably requested.

2.5. The Manufacturer of each Item of Equipment shall bear the risk of loss thereof or damage thereto until delivery to and acceptance by the Railroad and the Vendee pursuant to Section 2.4 hereof. Upon delivery and acceptance by the Railroad of each of such Items of Equipment, the Vendee shall bear the risk of loss of or damage to such Items as between the Vendee and the Manufacturer of such Items.

SECTION 3. PURCHASE PRICE AND PAYMENT.

3.1. The base price per Item of Equipment, including shipping and delivery charges, if any, to place of delivery, and storage charges, if any, prior to delivery, but exclusive of interest, insurance and all other charges, is as set forth in Schedules A, B and C attached hereto. Such base price per Item of Equipment shall be subject to increase or decrease as may be agreed to by the Manufacturer thereof and the Railroad as set forth in an invoice from such Manufacturer to the Vendee accompanied by or having endorsed thereon a certification by the Railroad as to the correctness of the price of such Item as set forth in said invoice, and the term "Purchase Price" as used herein shall mean, if no such invoice shall have been delivered to the Vendee pursuant to Section 3.5 hereof, such

base price, or if such an invoice shall be so delivered, the price certified therein; provided that the Purchase Price of any Item of Equipment shall not exceed the Maximum Purchase Price therefor set forth in Schedule A, B or C, as the case may be. If the Purchase Price of any Item of Equipment described in Schedule A, B or C then ready to be delivered by a Manufacturer hereunder and under the Lease would, upon such delivery, cause the aggregate Purchase Price for all other Items of Equipment described in such Schedule A, B or C and theretofore delivered hereunder, when taken together with the Purchase Price of such additional Item of Equipment, to exceed the Maximum Purchase Price for all Items of Equipment as stated in such Schedule A, B or C, then the Manufacturer of such Item of Equipment agrees that it will withhold delivery of such Item of Equipment and of all other Items of Equipment built or to be built by it and described in the same Schedule then remaining undelivered hereunder and under the Lease, and the Vendee and such Manufacturer agree that they will enter into an agreement excluding from this Agreement such Item or Items of Equipment, and such Manufacturer agrees to look solely to the obligation of the Lessee pursuant to Section 1.2 of the Lease in respect of such excluded Equipment and agrees that the Vendee shall have no further obligation whatsoever to such Manufacturer with respect to such excluded Equipment.

3.2. For the purpose of making settlement for the Equipment, the Equipment shall be divided into not more than four groups of Items of Equipment, or such other number as shall be agreed to by the parties hereto, the Railroad and the Assignee (each such group of Items being hereinafter called a "Group"), provided, however, that no Group shall consist of less than 20 Items of Equipment.

3.3. Subject to the provisions of Section 3.4 hereof and Section 13 hereof, the Vendee hereby acknowledges itself to be indebted to the respective Manufacturers in the amount of, and hereby promises to pay in immediately available funds to the respective Manufacturers at such bank or trust company in the United States of America as each of the respective Manufacturers shall designate for payment to it, the Purchase Price of the Items of Equipment as follows:

(a) On each Closing Date an amount equal to 37.130632% of the aggregate Purchase Price for all Items of Equipment in the Group for which settlement is then being made; and

(b) an amount (herein sometimes called the "Conditional Sale Indebtedness") equal to the difference between the aggregate Purchase Price for all Items of Equipment in the Group for which settlement is then being made and the aggregate amount paid pursuant to subparagraph (a) of this Section 3.3 plus interest on the unpaid balance thereof payable in installments, as follows:

(1) With respect to that portion of the Conditional Sale Indebtedness relating to the Series A Equipment (such portion being sometimes referred to herein as the "Series A Conditional Sale Indebtedness"):

(a) One installment of interest only on the unpaid balance of the Series A Conditional Sale Indebtedness at the rate of 8.50% per annum for the period from and including the Closing Date for each Group containing Series A Equipment to but not including July 15, 1977, payable on July 15, 1977, followed by

(b) Twenty-four (24) semiannual installments, including both principal and interest on the unpaid balance of the Series A Conditional Sale Indebtedness at the rate of 8.50% per annum, payable on January 15, 1978 and on the 15th day of each July and January thereafter to and including July 15, 1989 in the amounts set forth in Schedule D hereto; and

(2) With respect to that portion of the Conditional Sale Indebtedness relating to the Series B Equipment (such portion being sometimes referred to herein as the "Series B Conditional Sale Indebtedness"):

(a) One installment of interest only on the unpaid balance of the Series B Conditional Sale Indebtedness at the rate of 8.50% per annum for the period from and including the Closing Date for each Group containing Series B Equipment to but not including July 15, 1977, payable on July 15, 1977, followed by

(b) Forty-eight (48) semiannual installments, including both principal and interest on the unpaid balance of the Series B Conditional Sale Indebtedness at the rate of 8.50% per annum, payable on January 15, 1978 and on the 15th day of each July and January thereafter to and including July 15, 2001 in the amounts set forth in Schedule E hereto.

If for any reason whatsoever the Assignee does not pay or cause to be paid to a Manufacturer on the Closing Date with respect to any Group, any portion of the amount contemplated by Section 5 of the Assignment, such Manufacturer shall give the Vendee, the Trustor and the Assignee immediate telegraphic notice thereof and shall designate in such notice a date to which such closing is deferred which shall not be earlier than 15 calendar days after the date of such notice. On the date to which such closing has been deferred, the Vendee shall pay or cause to be paid to such Manufacturer 100% of the aggregate Purchase Price of all Items of Equipment in the Group for which settlement had been postponed.

3.4. The obligation of the Vendee to pay the amounts specified in Section 3.3 hereof is, for each Group of Equipment, subject to the fulfillment on or before the respective dates hereinafter set forth of the following conditions (any of which may be waived by the Vendee and the payment by the Vendee of the amounts specified in clause (a) of Section 3.3 with respect to such Group shall be conclusive evidence that such condition has been fulfilled or irrevocably waived):

(a) Prior to or concurrently with the delivery to and acceptance by the Railroad under the Lease of the first Item of Equipment (hereinafter the "First Delivery Date") the Assignee and the Investors shall have received the favorable written opinion of Messrs. Chapman and Cutler, who are acting as special counsel for the Assignee and for the Investors, addressed to the Investors and the Assignee to the effect that:

(1) the Trust Agreement has been duly authorized, executed and delivered by the Vendee and constitutes a valid, binding and effective agreement and declaration of trust by the Vendee in accordance with the terms thereof;

(2) the trust created and provided for by the Trust Agreement is not taxable as an association under existing statutes, regulations and decisions relating to Federal Income Taxes;

(3) the Conditional Sale Agreement and the Lease have been duly authorized, executed and delivered by the respective parties thereto and constitute legal, valid and binding instruments enforceable in accordance with their respective terms;

(4) the Assignment and, assuming due authorization, execution and delivery by the Investors, the Finance Agreement have been duly authorized, executed and delivered by the respective parties thereto and constitute legal, valid and binding instruments enforceable in accordance with their respective terms;

(5) the Assignee is vested with all the rights, titles, interests, powers, privileges and remedies purported to be assigned to it by the Assignment;

(6) upon settlement therefor pursuant to the Assignment, security title to the Items of Equipment in the Group will be validly vested in the Assignee;

(7) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the execution and delivery of the Conditional Sale Agreement or the Assignment or the Lease;

(8) this Conditional Sale Agreement, the Assignment and the Lease (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) have been filed for record or recorded in all public offices wherein such filing or recordation is necessary to protect the rights of the Assignee in the United States of America; and

(9) the offering, sale and delivery of the Conditional Sale Agreement and the conditional sale indebtedness payable thereunder under the circumstances contemplated by the Finance Agreement constitute an exempted transaction under the Securities Act of 1933, as amended, which does not require registration thereunder of the Conditional Sale Agreement, the Conditional Sale Indebtedness or the Certificates of Interest issued pursuant to the Finance Agreement, and under the Trust Indenture Act of 1939, which does not require qualification of an Indenture thereunder;

(b) Prior to or concurrently with the First Delivery Date, the Vendee, the Trustor, the Assignee, the Manufacturers, the Investors and Messrs. Chapman and Cutler shall have received the favorable written opinion of counsel for the Railroad, addressed to all of such parties, with respect to the matters set forth in paragraphs (6) and (7) of paragraph (a) of this Section 3.4 and to the further effect that:

(1) the Railroad is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Michigan;

(2) the Railroad has the corporate or other power and authority to own its property and carry on its business as now being conducted and is duly qualified to do business as a foreign corporation in all states in which such qualification is necessary to carry out the terms of the Lease, the Finance Agreement and the Tax Indemnity Agreement;

(3) the Lease, the Finance Agreement and the Tax Indemnity Agreement have been duly authorized, executed and delivered by the Railroad and constitute the valid, legal and binding agreements of the Railroad enforceable against the Railroad in accordance with their respective terms;

(4) this Conditional Sale Agreement, the Assignment and the Lease (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) have been filed for record or recorded in all public offices wherein such filing or recordation is necessary to protect the rights of the Assignee in the United States of America;

(5) no approval, consent or withholding of objection is required from any public regulatory body with respect to the entering into or performance by the Railroad of the Lease, the Finance Agreement or the Tax Indemnity Agreement;

(6) the execution and delivery by the Railroad of the Lease, the Finance Agreement and the Tax Indemnity Agreement do not violate any provision of any law, any order of any court or governmental agency, the charter or By-Laws of the Railroad, or any indenture, agreement or other instrument to which the Railroad is a party or

by which it or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Railroad;

(7) assuming execution and delivery of the Lease by the Vendee, the Lease constitutes the valid, legal and binding agreement of the Vendee enforceable against the Vendee in accordance with its terms; and

(8) as to any other matter which the Trustor or the Investors may reasonably request;

(c) Prior to or concurrently with the First Delivery Date, the Vendee, the Trustor, the Assignee, the Investors and Messrs. Chapman and Cutler shall have received the favorable written opinion of counsel for each Manufacturer, addressed to all of such parties, to the effect that:

(1) such Manufacturer is a duly organized and presently subsisting corporation under the laws of the state of its incorporation and has the power and authority to own its properties and to carry on its business as now conducted;

(2) the Conditional Sale Agreement and the Assignment have each been duly authorized, executed and delivered by such Manufacturer and, assuming due authorization, execution and delivery thereof by each other party thereto, are legal and valid instruments binding upon such Manufacturer and enforceable against such Manufacturer in accordance with their respective terms;

(3) the bill or bills of sale referred to in paragraph (1) below have each been duly authorized, executed and delivered by such Manufacturer and are valid and effective to vest in the Assignee all of such Manufacturer's security title and security interest to the Items of Equipment free and clear of all claims, liens and encumbrances except only the rights of the Railroad under the Lease and the rights of the Vendee under the Conditional Sale Agreement, and except for the vendor's lien and security interest in favor of such

Manufacturer referred to in said bill or bills of sale;

(d) Prior to or concurrently with the First Delivery Date, the Vendee, the Railroad, the Trustor, the Manufacturers, the Assignee, the Investors and Messrs. Chapman and Cutler shall have received the favorable written opinion of counsel for the Vendee, addressed to all of such parties, to the effect that:

(1) the Trust Agreement has been duly authorized, executed and delivered by the Vendee and constitutes a valid, binding and effective agreement and declaration of trust by the Vendee in accordance with the terms thereof;

(2) the Vendee has full right, power and authority under the Trust Agreement to enter into, execute and deliver the Conditional Sale Agreement and the Lease and to perform each and all of the matters and things provided for in said instruments; and

(3) the Conditional Sale Agreement and the Lease have been duly executed and delivered by the Vendee and constitute the legal, valid and binding instruments of the Vendee enforceable in accordance with their respective terms;

(e) Prior to or concurrently with the First Delivery Date, the Vendee, the Railroad, the Assignee, the Investors and Messrs. Chapman and Cutler shall have received the favorable written opinion of counsel for the Trustor, addressed to all of such parties, to the effect that:

(1) the Trustor is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction of its incorporation;

(2) the Trustor has full right, power and authority to enter into and perform the Trust Agreement in accordance with the terms thereof;

(3) the Trust Agreement has been duly authorized, executed and delivered by the Trustor and constitutes a valid instrument binding upon the Trustor enforceable against the Trustor in accordance with its terms;

(4) the Trust Agreement does not nor will the performance of the Trustor thereunder violate the provisions of any indenture or other agreement to which the Trustor is a party or by which the Trustor may be bound; and

(5) no approval, consent or withholding of objection on the part of any regulatory body, state, Federal or local is necessary in connection with the execution or performance by the Trustor of the Trust Agreement or, to the extent such approval, consent or other action is necessary, the same has been obtained and is in full force and effect;

(f) Prior to or concurrently with the First Delivery Date, the Assignee, the Investors and Messrs. Chapman and Cutler shall have received the favorable written opinion of Messrs. McCarthy & McCarthy, who are acting as special Canadian counsel for the Assignee and the Investors, addressed to the Assignee, the Investors and Messrs. Chapman and Cutler, to the effect that:

(1) financing statements with respect to this Agreement and the Assignment have been duly filed in the central office of the Registrar of Personal Property Security at Toronto, Ontario, and no further act, filing, recording or deposit (or giving of notice) is required in order fully to protect the rights of the Assignee in this Agreement and in the Equipment in the Province of Ontario, Canada, against any and all subsequent purchasers and mortgagees and from creditors of the Vendee and the Lessee;

(2) the Lease and the Conditional Sale Agreement have been deposited in the office of the Registrar General of Canada and upon publication of notice of such deposit (which has been effected or in respect of which due provision has been made) in The Canada Gazette in accordance with Section 86 of the Railway Act of Canada (1970-RSC) no other act, filing, recording or deposit (or giving of notice) in respect of the Lease is necessary in order to protect the interests thereunder of the Vendee and the Assignee in and to the Equipment in Canada;

(3) the Guarantor is a corporation legally incorporated and validly existing, in good standing, under the laws of the jurisdiction of its incorporation, with adequate corporate power to enter into the Guaranty Agreement;

(4) the Guaranty Agreement has been duly authorized, executed and delivered by the Guarantor and constitutes a legal and valid agreement binding upon the Guarantor and enforceable against the Guarantor in accordance with its terms; and

(5) no approval is required from any governmental ministry or agency or public regulatory body in Canada with respect to the entering into or performance of the Guaranty Agreement by the Guarantor, or if any such approval is required, such approval has been duly obtained.

(g) Prior to or concurrently with the First Delivery Date, the Assignee, the Investors, the Trustor, the Vendee and Messrs. Chapman and Cutler shall have received the favorable written opinion of counsel for the Guarantor, addressed to the Assignee, the Investors, the Trustor, the Vendee and Messrs. Chapman and Cutler, to the effect that:

(1) the Guarantor is a corporation legally incorporated and validly existing, in good standing, under the laws of the jurisdiction of its incorporation, with adequate corporate power to enter into the Guaranty Agreement;

(2) the Guaranty Agreement has been duly authorized, executed and delivered by the Guarantor and constitutes a legal and valid agreement binding upon the Guarantor and enforceable in accordance with its terms;

(3) no approval is required of any governmental ministry or agency or public regulatory body with respect to the entering into or performance of the Guaranty Agreement by the Guarantor, or, if any such approval is required, it has been duly obtained; and

(4) the entering into and performance of the Guaranty Agreement will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Guarantor is a party or by which it may be bound.

(h) Concurrently with the First Delivery Date the Railroad shall have delivered to the Vendee a certificate of a Vice President of the Railroad to the effect that no Event of Default, as specified herein or in the Lease, or any event which with the lapse of time and/or notice provided for herein or in the Lease would constitute such an Event of Default, has occurred and is continuing, and that there has been no material adverse change in the condition of the Railroad, financial or otherwise, since December 31, 1975;

(i) Concurrently with the First Delivery Date, the Assignee shall have received a bill or bills of sale from each Manufacturer to the Assignee transferring to the Assignee security title to all of the Items of Equipment built or to be built by such Manufacturer and described in Schedules A, B and/or C, as the case may be (subject to the reservation of a vendor's lien and security interest to secure the payments to be made by the Vendee pursuant to Section 3.3(a) hereof and to made by the Assignee pursuant to Section 5 of the Assignment) and warranting to the Assignee and to the Vendee that at the time of delivery of each such Item of Equipment to the Vendee under the Conditional Sale Agreement such Manufacturer will have legal title to such Items and good and lawful right to sell such Items, and title to such Items will be free of all claims, liens and encumbrances of any nature except only the rights of the Railroad under the Lease and the rights of the Vendee under the Conditional Sale Agreement, and except said reserved vendor's lien and security interest in favor of such Manufacturer; and

(j) Concurrently with the delivery to and acceptance by the Railroad under the Lease of each Item of Equipment in such Group, the Vendee shall have received from the Railroad a Certificate of Acceptance covering such Item of Equipment executed by a duly authorized representative of the Railroad pursuant to Section 1 of the Lease.

In giving the opinions specified in paragraphs (a) through (g) of this Section 3.4, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally. In giving the opinions specified in the preceding subparagraphs (a) and (b), counsel may in fact rely as to the title to the Items of Equipment upon the opinion of counsel for the Manufacturer of such Items.

3.5. The term "Closing Date" with respect to each Group shall mean such date (which is not more than thirty days following presentation by a Manufacturer to the Vendee of an invoice or invoices, certified by the Railroad, setting forth the Purchase Price of such Manufacturer's Items of Equipment included in such Group) as shall be fixed by the Railroad by written or telegraphic notice delivered to the Vendee, the Manufacturers and the Assignee at least eight business days prior to the Closing Date designated therein; provided that no Closing Date shall be later than June 30, 1977 for any Group.

3.6. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and holidays on which banks in the States of Illinois, Michigan or Minnesota are authorized or required to close. If any date on which a payment is to be made hereunder is not a business day, the amount otherwise payable on such date shall be payable on the next preceding business day.

3.7. Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months.

3.8. The Vendee will pay interest at the rate of 9.50% per annum upon all unpaid balances of indebtedness and (to the extent legally enforceable) upon interest, after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

3.9. All payments provided for in this Agreement shall be made by the Vendee in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

3.10. Except as provided in Section 6.1 hereof the Vendee shall not have the privilege of prepaying any installment of the indebtedness prior to the date it becomes due hereunder.

SECTION 4. TITLE TO THE EQUIPMENT.

4.1. Each Manufacturer shall and hereby does retain the full security title to and property in the Equipment built by it until the Vendee shall have made all of the payments hereunder and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee or the Railroad as herein provided. Any and all additions to the Equipment (not including, however, any parts installed on and additions to any Item of Equipment, any portion of whose cost is furnished by the Railroad and which are readily removable without causing material damage to such Item of Equipment, but

including parts installed on and replacements made to any Item of Equipment which are required by Section 7 of the Lease or constitute ordinary maintenance and repairs made by the Railroad pursuant to Section 8 of the Lease) and any and all replacements of the Equipment and of parts thereof shall constitute accessions to the Equipment and shall be subject to all terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

4.2. When and only when each Manufacturer shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment built by it, together with interest and all other payments as herein provided and all the Vendee's other obligations herein contained shall have been performed, absolute right to the possession of, title to and property in such Equipment shall pass to and vest in the Vendee without further transfer or action on the part of such Manufacturer, except that such Manufacturer, if requested by the Vendee so to do, will, at the cost and expense of the Vendee, execute a bill or bills of sale for such Equipment releasing its security title thereto and property therein to the Vendee or upon its order free of all liens and encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address specified in Section 19 hereof, and will, at the cost and expense of the Vendee, execute in the same manner and deliver at the same place, for filing, registering, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to such Equipment, and will pay to the Vendee any money paid to such Manufacturer pursuant to Section 6.1 hereof and not theretofore applied as provided in Section 6.2 hereof. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or to file such certificate within a reasonable time after written demand by the Vendee.

SECTION 5. MARKING OF EQUIPMENT.

The Vendee will use its best efforts to cause the Railroad to keep each Item of Equipment marked as contemplated by Section 4 of the Lease.

SECTION 6. CASUALTY OCCURRENCES.

6.1. In the event that any Item of Equipment (i) shall be or become lost, stolen, destroyed or, in the opinion of the Railroad pursuant to Section 11.2 of the Lease, irreparably damaged or permanently rendered unfit for use from any cause whatsoever, or (ii) shall be requisitioned or taken by any

governmental authority under the power of eminent domain or otherwise (each such occurrence, except for any requisition which by its terms is for an indefinite period or does not exceed the original term of the Lease, being hereinafter called a "Casualty Occurrence"), prior to the payment of the indebtedness in respect of the Purchase Price of such Item, together with interest thereon and all other payments required hereby, the Vendee shall promptly and fully, after it has actual knowledge thereof, inform the Manufacturer of such Item with regard thereto. When any Item of Equipment suffers a Casualty Occurrence the Vendee, on the date of payment of the next succeeding installment of principal and interest on such indebtedness following its knowledge of such Casualty Occurrence, shall pay to the Manufacturer the Casualty Payment (as defined in Section 6.4 hereof) of such Item as of the date of such payment. Each such payment shall be accompanied by notification from the Vendee identifying the amount thereof and the Item of Equipment involved and stating that said payment constitutes a Casualty Payment. Promptly following such payment, the Vendee will furnish to the Assignee, the Trustor and the Lessee a revised schedule of payments of principal and interest thereafter to be made hereunder in such number of counterparts as any such party may reasonably request.

6.2. Each Manufacturer shall, immediately upon receipt thereof, apply the money deposited pursuant to Section 6.1 to the prepayment of that portion of the Series A or Series B Conditional Sale Indebtedness in respect of the Purchase Price of any Items of Equipment having suffered a Casualty Occurrence, plus interest then accrued on the portion thereof so prepaid, but without premium. The semiannual payments of installment of principal of and interest on each Series of Conditional Sale Indebtedness relating to the remaining Equipment and interest thereon becoming due thereafter shall be redetermined on the basis of the amount of such Conditional Sale Indebtedness remaining unpaid and on the basis of the number of semiannual payments remaining immediately after such application.

6.3. Upon payment to the Manufacturer of the Casualty Payment in respect of an Item of Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such Item shall automatically pass to and vest in the Vendee without further transfer or action on the part of the Manufacturer thereof. The Manufacturer, if requested by the Vendee, will execute and deliver to the Vendee, at its address specified in Section 19 hereof, at the expense of the Vendee, appropriate instruments confirming such release to the Vendee of security title to and property in such Item, free of all liens and encumbrances created or retained hereby, in recordable form in order that the Vendee may make clear upon the public records the title of the Vendee to such Item.

6.4. The Casualty Payment in respect of each Item of Equipment having suffered a Casualty Occurrence shall be deemed to be that portion of the Conditional Sale Indebtedness related to such Item remaining unpaid on the date as of which such Casualty Payment shall be determined, plus interest accrued thereon but unpaid as of such date.

6.5. In the event that prior to the expiration of the Primary Term of the Lease (as defined therein), the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise, so long as such requisition or taking does not constitute a Casualty Occurrence pursuant to Section 6.1 hereof, then the Vendee's duty to pay the indebtedness in respect of the Purchase Price thereof shall continue for the duration of such requisitioning or taking. The Vendee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

SECTION 7. REPORTS AND INSPECTIONS.

The Manufacturers shall have the right, by their agents, to inspect the Equipment whenever it is available for such inspection and to further inspect the records of the Vendee with respect thereto once in every year.

SECTION 8. POSSESSION AND USE.

8.1. The Vendee, so long as it shall not be in default under this Agreement, shall be entitled, from and after delivery of the Equipment by the Manufacturers to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

8.2. The Vendee may lease the Equipment to the Railroad or its assigns as permitted by, and for use as provided in, Section 17 of the Lease, and it is hereby acknowledged and agreed that the rights of the Manufacturers under this Agreement are subject to the rights and interest of the Railroad under the Lease. A copy of any assignment made by the Railroad pursuant to Section 17 of the Lease or any consent thereunder shall be furnished to the Manufacturers. The Lease shall not be amended or terminated without the prior written consent of the Manufacturers, which consent shall not be unreasonably withheld.

SECTION 9. PROHIBITION AGAINST LIENS.

9.1. The Vendee will pay or satisfy and discharge any and all sums claimed by any party by, through or under the Vendee or its successors or assigns (other than the Railroad or its assigns) which, if unpaid, might become a lien or a charge upon any Item of Equipment equal or superior to the security title of the Manufacturer thereof, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of such Manufacturer, adversely affect the property or rights of such Manufacturer hereunder.

9.2. This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

SECTION 10. INDEMNITIES.

10.1. The Vendee shall cause the Railroad to assume all risk and expense arising from the possession, use, operation and maintenance of the Equipment.

10.2. Except to the extent provided in Section 2.5 hereof, the Vendee will bear the risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any Item or of all the Equipment.

10.3. Each Manufacturer for itself warrants that the Items of Equipment to be built by it will be built in accordance with the Specifications therefor and warrants that such Items of Equipment will be free from defects in material (except as to specialties incorporated therein specified by the Railroad and not manufactured by such Manufacturer, in respect of which such Manufacturer hereby appoints and constitutes the Railroad its agent and attorney-in-fact to assert and enforce from time to time in the name of such Manufacturer but for the account of the Vendee, the Railroad and such Manufacturer as their interests may appear and in all cases at the sole cost and expense of the Railroad whatever claims and rights such Manufacturer may have against the manufacturer of the specialty) or workmanship under normal use and service, each Manufacturer's obligation under this Section 10.3 being limited to making good at its plant any part or parts of any such Item of Equipment which shall, within one year after the delivery of such Item of Equipment to the

Vendee, be returned to the Manufacturer thereof with transportation charges prepaid and which such Manufacturer's examination shall disclose to its satisfaction to have been thus defective; provided, however, that this warranty shall not apply to (i) any components of an Item of Equipment which shall have been repaired or altered unless repaired or altered by the Manufacturer of such Item or its authorized service representatives, if, in its judgment, such repairs or alterations affect the stability of any such Item of Equipment or (ii) any such Item of Equipment which has been subject to misuse, negligence or accident. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF THE MANUFACTURERS, EXCEPT FOR THEIR OBLIGATIONS HEREUNDER AS LIMITED HEREBY, AND NEITHER MANUFACTURER ASSUMES OR AUTHORIZES ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF THE EQUIPMENT EXCEPT AS AFORESAID. IN NO EVENT SHALL THE MANUFACTURERS BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR COMMERCIAL LOSS. Each Manufacturer reserves the right to make changes in the design of, or add any improvements to, any Items of Equipment to be built by it at any time with the approval of the Railroad without incurring any obligation to make similar changes or additions in respect of other Items of Equipment previously delivered to the Railroad. Each Manufacturer further agrees with the Vendee that acceptance of any Items of Equipment under Section 2.4 hereof shall not be deemed a waiver by the Vendee of any of its rights under this Section 10.3.

10.4. It is hereby agreed that the Railroad shall be and is hereby constituted a third party beneficiary to each of the covenants and agreements of the Manufacturers expressed in this Section 10.

SECTION 11. PATENT INDEMNITIES.

11.1. Except in cases of designs specified by the Railroad and not developed or purported to be developed by such Manufacturer, and articles and materials specified by the Railroad and not manufactured by such Manufacturer, each Manufacturer agrees to indemnify, protect and hold harmless the Vendee from and against any and all liability, claims, demands, costs, charges, and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendee or the Railroad because of the use in or about the construction or operation of any Item of Equipment to be built by it, of any design, article or material which infringes or is claimed to infringe on or which is claimed to constitute contributory infringement with respect to any patent or other right. In case any Item of Equipment is held to constitute infringement of any patent or other similar right in respect of which liability may be charged against the Manufacturer thereof, and the use of any

Item of Equipment is enjoined, such Manufacturer shall, at its own expense and at its option, either procure for the Vendee and the Railroad the right to continue using such Item of Equipment or replace the same with non-infringing equipment or modify it so it becomes non-infringing. Without intending any limitation of the foregoing, each Manufacturer agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendee every claim, right and cause of action which such Manufacturer has or hereafter shall have against the originator of any design or against the seller or sellers of any designs or articles or materials purchased or otherwise acquired by such Manufacturer for use in or about the construction or operation of the Items of Equipment to be built by it on the ground that any such design, article or material or operation thereof infringes or is claimed to infringe on or to constitute contributory infringement with respect to any patent or other right, and each Manufacturer further agrees to execute and deliver to the Vendee all and every such further assurance as may be reasonably requested by the Vendee more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. Each Manufacturer will give notice to the Vendee of any claim known to such Manufacturer from which liability may be charged against the Vendee or the Railroad hereunder and the Vendee will give notice to each Manufacturer of any claim known to it from which liability may be charged against such Manufacturer hereunder.

11.2. The term "design" wherever used in this Agreement or in any assignment of this Agreement shall be deemed to include formulae, systems, processes and combinations.

11.3. The obligations and liabilities of the Manufacturers under this Section shall apply only to Equipment located and used in the continental United States, Canada and Mexico.

11.4. It is hereby agreed that the Railroad shall be and is hereby constituted a third party beneficiary to each of the covenants and agreements of the Manufacturers expressed in this Section 11.

SECTION 12. ASSIGNMENTS.

12.1. The Vendee will not, except as otherwise provided in the Trust Agreement, sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Section 8.2 hereof, transfer the right to possession of any Item of Equipment without first obtaining the written consent of the Manufacturers, which consent shall not be unreasonably withheld. No such sale, assignment or transfer shall subject the Manufacturers to any duty, obligation or liability whatsoever.

12.2. All or any of the rights, benefits and advantages of each Manufacturer under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by such Manufacturer and reassigned by an assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve such Manufacturer from, any of the obligations of such Manufacturer to construct and to deliver the Equipment in accordance with the provisions hereof or to respond to its guaranties, warranties and agreements contained herein, or relieve the Vendee of its obligations to the Manufacturers hereunder except as provided in Section 12.3 hereof.

12.3. Upon any such assignment either the assignor or the assignee shall give written notice to the Vendee and the Railroad, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all of the assigning Manufacturer's right, security title and interest in and to the Equipment, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee and the Railroad, respectively, of the notification of any such assignment, all payments thereafter to be made by the Vendee hereunder shall, to the extent so assigned, be made to the assignee at the address of the assignee specified in the aforesaid notice.

12.4. The Vendee recognizes that it is the custom of railroad equipment manufacturers or sellers to assign agreements of this character and understands that the assignment of this Agreement, or of some or all of the rights of the Manufacturer hereunder, is contemplated. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Manufacturers hereunder, and for the purpose of inducing such acquisition, that in the event of such assignment by the Manufacturers as hereinbefore provided the rights of such assignee to the entire unpaid Conditional Sale Indebtedness or such part thereof as may be assigned, together with the interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of either Manufacturer with respect to the Equipment or the delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by either Manufacturer. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee against and only against the Manufacturers.

12.5. In the event of any such assignment or successive assignments by the Manufacturers of security title to the Equipment and of the Manufacturers' rights hereunder with respect

thereto, the Vendee will, whenever requested by such assignee, change the names and word or words to be marked on each side of each Item of Equipment or, in the event such Item shall then be leased to the Railroad, the Vendee will use its best efforts to cause the Railroad pursuant to Section 4 of the Lease to change the names and word or words to be marked on each side of such Item, so as to indicate the security title of such assignee to the Equipment with such names and word or words as shall be specified by such assignee, subject to the requirements of the laws of the jurisdictions in which the Equipment shall be operated relating to such names and word or words for use on equipment covered by conditional sale agreements with respect to railroad equipment. The cost of marking such names and word or words with respect to the first assignee of this Agreement (or to a successor agent or trustee in case the first assignee is an agent or trustee) and with respect to the Vendee shall be borne by the Manufacturers. The cost of marking such names and word or words in connection with any subsequent assignment (other than to a successor agent or trustee if the first assignee is an agent or trustee) will be borne by the subsequent assignee.

12.6. In the event of any such assignment prior to the completion of delivery of the Equipment, the Vendee will, in connection with settlement for any Group of Equipment subsequent to such assignment, deliver to the assignee, at the time of delivery by the Vendee of notice fixing the Closing Date with respect to such Group, all documents reasonably required by the terms of such assignment to be delivered by the Vendee to the assignee in connection with such settlement, in such number of counterparts as may reasonably be requested.

SECTION 13. LIMITATION OF VENDEE'S OBLIGATIONS.

It is expressly understood and agreed by and between the Vendee, the Trustor under the Trust Agreement and the Manufacturers and their respective successors and assigns that this Agreement is executed by Harold K. Criswell, Albert C. Welti and Robert F. Whitworth, Jr., not individually or personally but solely as Trustees under the Trust Agreement in the exercise of the power and authority conferred and vested in them as such Trustees (and Harold K. Criswell, Albert C. Welti and Robert F. Whitworth, Jr. hereby warrant that they possess full power and authority to enter into and perform this Agreement and that the Equipment is and will remain free and clear of any liens and encumbrances which result from claims against the Trustees individually or as Trustees not related to the ownership of the Equipment or the administration of the Trust Estate or any other transaction pursuant to the Trust Agreement or the Operative

Agreements referred to therein); and it is expressly understood and agreed that, except in the case of gross negligence or wilful misconduct of the Trustees (which gross negligence or wilful misconduct shall not be imputed to the Trustor) and except as otherwise expressly stated herein, nothing herein contained shall be construed as creating any liability on Harold K. Criswell, Albert C. Welti or Robert F. Whitworth, Jr., or on the Trustor individually or personally or on any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Manufacturers and by each and every person now or hereafter claiming by, through or under the Manufacturers, and that so far as Harold K. Criswell, Albert C. Welti and Robert F. Whitworth, Jr. or the Trustor or on any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Trustor, individually or personally are concerned, the Manufacturers and any person claiming by, through or under the Manufacturers shall look solely to the Trust Estate as defined in the Trust Agreement for payment of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments and obligations as herein provided. Nothing in this Section 13 shall limit any rights of the Manufacturers under this Agreement against the Railroad.

SECTION 14. DEFAULTS.

14.1. In the event that any one or more of the following Events of Default shall occur and be continuing, to-wit:

(a) The Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder and such default shall continue for ten days;

(b) The Vendee shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any Item of Equipment or any portion thereof;

(c) The Vendee shall fail or refuse to comply with any covenant, agreement, term or provision of this Agreement or to make provision satisfactory to the Manufacturers for such compliance for more than 20 days after written notice from either Manufacturer specifying the default and demanding the same to be remedied;

(d) Any proceedings shall be commenced by or against the Vendee under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Vendee under this Agreement), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise

rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or for the property of the Vendee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(e) An Event of Default shall have occurred and be continuing under the Lease;

then at any time after the occurrence and during the continuance of such an Event of Default either Manufacturer may, upon written notice to the Vendee and upon compliance with any legal requirements then in force and applicable to such action by such Manufacturer, but without prejudice to any rights of the Vendee under the Lease with respect to any default thereunder, declare the entire Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such declaration at the rate of 9.50% per annum, to the extent legally enforceable, and each Manufacturer shall thereupon be entitled, subject to the provisions and limitations of Section 13 hereof, to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee subject to the provisions and limitations of Section 13 hereof.

14.2. In addition to the right of the Vendee to elect to cure a default hereunder as provided in Section 14.4 hereof, and notwithstanding the rights of the Manufacturers otherwise expressed in Section 14.1 hereof, in the case of any Event of Default under the Lease which can be cured by the payment of money, the Manufacturers may not, without the prior written consent of the Vendee and the Trustor, exercise any of the rights or remedies provided herein or in the Lease during a 15-day period following the giving of written notice of such Event of Default by a Manufacturer to the Vendee. During such 15-day period the Vendee and/or the Trustor shall have the right to cure any such Event of Default on behalf of the Railroad and any Event of Default so cured shall be deemed not to be continuing. No party exercising the right to cure an Event of Default pursuant to this Section 14.2 shall obtain any lien, charge or encumbrance of any kind on any Item of Equipment or any rentals or other amounts payable therefor under the Lease in respect of any sums paid or expenses incurred in connection with the exercise of such right or the curing of such Event of Default, nor shall the right of such party to

reimbursement from the Railroad or any other party for the repayment of such sums so advanced or expenses so incurred impair the prior rights of the Manufacturers to the sums payable by the Railroad under the Lease.

Nothing in this Section 14.2 contained shall be deemed to modify or amend any of the provisions of Section 24.2 or Section 24.3 hereof or any rights of the Manufacturers under this Agreement or render the Manufacturers liable to the Vendee or the Trustor for failure to give any notice hereinabove referred to or prevent the Manufacturers from terminating any consultations which the Manufacturers may have chosen to engage in with the Vendee and in any event to proceed with and enforce any rights of the Manufacturers under this Agreement after the giving of notice as herein provided.

14.3. The Manufacturers may waive any Event of Default hereunder and its consequences and rescind and annul any such declaration by notice to the Vendee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such default had existed and no such declaration had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

14.4. Any default hereunder shall be deemed cured and not continuing if the Vendee, prior to any sale by the Manufacturers of the Equipment as provided in Section 15.3, shall pay or cause to be paid to the Manufacturers the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement.

SECTION 15. REMEDIES.

15.1. If an Event of Default shall have occurred and be continuing as hereinbefore provided, then at any time after the entire indebtedness in respect of the Purchase Price of the Equipment shall have been declared immediately due and payable as hereinbefore provided and during the continuance of such default, the Manufacturers may, upon such further notice, if any, as may be required for compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Manufacturers, take or cause to be taken by either or both of their respective agents immediate possession of the Equipment, or any Item thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Section 15 expressly provided, and may remove the same from possession and use of the Vendee (but subject to the then existing rights and interests of the Railroad under the Lease, if any) and for such purpose may enter upon premises where the Equipment may be located without judicial process if this can be done without breach of the peace, and may use and employ in connection with such removal any supplies, services and aids and any available facilities or means of the Vendee or the Railroad.

15.2. In case the Manufacturers shall rightly demand possession of the Equipment in pursuance of this Agreement and shall reasonably designate a facility on the lines of the Railroad for the delivery of the Equipment to the Manufacturer, the Vendee shall use its best efforts to cause the Railroad, at the expense of the Railroad, forthwith and in the usual manner to cause the Equipment to be moved to such facility as shall be reasonably designated by the Manufacturers and shall there deliver the Equipment or cause it to be delivered to the Manufacturers. The agreement to deliver the Equipment as hereinbefore provided is of the essence of this Agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Manufacturers shall be entitled to a decree against the Vendee requiring specific performance hereof. The Vendee hereby expressly waives any and all claims against the Manufacturers and either or both of their respective agents for damages of whatever nature in connection with any retaking of any Item of Equipment in any reasonable manner.

15.3. If an Event of Default shall have occurred and be continuing as hereinbefore provided, then at any time thereafter during the continuance of such default and after the entire indebtedness in respect of the Purchase Price of the Equipment shall have been declared immediately due and payable as hereinbefore provided, the Manufacturers with or without the retaking of possession thereof may, at their election, sell the Equipment, or any Item thereof, free from any and all claims of the Vendee, or of any other party claiming by, through or under the Vendee (but subject to the then existing rights of the Railroad under the Lease, if any), at law or in equity, at public or private sale and with or without advertisement as the Manufacturers may determine and as is commercially reasonable; and the proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Manufacturers in taking possession of, removing, storing and selling the Equipment, shall be credited to the amount due to the Manufacturers under the provisions of this Agreement.

15.4. Any sale hereunder may be held or conducted at such place or places and at such time or times as the Manufacturers may specify, in one lot and as an entirety, or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Manufacturers may determine, provided that the Vendee and the Railroad shall be given written notice of such sale not less than ten business days prior thereto, by mail addressed as provided herein and provided further that such sale shall be conducted in a commercially reasonable manner. If such sale shall be a private sale, it shall be subject to the rights of the Vendee and the Trustor to purchase or provide a purchaser, within ten business days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. The Manufacturers may bid for and become the purchasers

of the Equipment, or any Item thereof, so offered for sale without accountability to the Vendee (except to the extent of surplus money received as hereinafter provided in this Section), and in payment of the purchase price therefor the Manufacturers shall be entitled to have credited on account thereof all sums due to the Manufacturers from the Vendee hereunder.

15.5. Each and every power and remedy hereby specifically given to the Manufacturers shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Manufacturers; provided that the Manufacturers agree that they will not retain the Equipment in satisfaction of the Conditional Sale Indebtedness. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Manufacturers in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

15.6. All sums of money realized by the Manufacturers under the remedies herein provided shall be applied, first to the payment of costs and expenses of suit, if any, and of such sale and of all proper expenses, liabilities and advances, including legal expenses and attorneys' fees incurred or made by the Manufacturers (but only to the extent such costs, expenses, liabilities and advances have not been otherwise paid by the Railroad), second to the payment of interest on the indebtedness in respect of the Purchase Price of the Equipment accrued and unpaid and third to the payment of the indebtedness in respect of the Purchase Price of the Equipment. If, after applying as aforesaid all sums of money realized by the Manufacturers, there shall remain any amount due to them under the provisions of this Agreement, the Manufacturers may bring suit therefor and shall be entitled to recover a judgment therefor against the Vendee, subject to the provisions of Section 13 hereof. If, after applying as aforesaid all sums realized by the Manufacturers, there shall remain a surplus in the possession of the Manufacturers, such surplus shall be paid to the Vendee.

15.7. The Vendee, subject to the provisions of Section 13 hereof, will pay all reasonable expenses, including attorneys' fees, incurred by the Manufacturers in enforcing their remedies under the terms of this Agreement. In the event that the Manufacturers shall bring any suit to enforce any of their rights hereunder and shall be entitled to judgment, then in such suit the Manufacturers may recover reasonable expenses, including attorneys' fees and the amount thereof shall be included in such judgment.

15.8. The foregoing provisions of this Section are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto. No remedies herein provided shall be exercised in such manner as to violate any rights of the Railroad under the Lease unless an Event of Default shall have occurred and be continuing under the Lease.

SECTION 16. APPLICABLE STATE LAWS.

16.1. Any provision of this Agreement prohibited by any applicable law of any state, or which by any applicable law of any state would convert this Agreement into any instrument other than an agreement of conditional sale, shall as to such state be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable state law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale and enforced as such.

16.2. Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell the Equipment, or any Item thereof, and any other requirements as to the time, place and terms of sale thereof, and other requirements with respect to the enforcement of the Manufacturers' rights hereunder and any and all rights of redemption.

16.3. Nothing in this Section 16 or any other provision of this Agreement shall be deemed to make ineffective, or to modify or waive, the provisions and limitations of Section 13 hereof.

SECTION 17. EXTENSION NOT A WAIVER.

No delay or omission in the exercise of any power or remedy herein provided or otherwise available to the Manufacturers shall impair or affect the Manufacturers' right thereafter to exercise the same. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee shall not otherwise alter or affect the Manufacturers' rights or the obligations of the Vendee hereunder. The Manufacturers' acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Manufacturers' rights hereunder with respect to any subsequent payments or defaults therein.

SECTION 18. RECORDING.

Subject to the provisions of Section 13 hereof, the Vendee will cause this Agreement, the first assignment hereof and any supplements hereto and thereto (or a financing or continuation statement or similar notice thereof if and to the extent permitted or required by applicable law) to be filed, recorded or deposited and refiled, re-recorded or redeposited, if necessary, in all public offices as may be required by law or reasonably requested by the Manufacturers for the purpose of proper protection, to the satisfaction of counsel for the Manufacturers and the Assignee, of the security title to the Equipment and the rights of the Manufacturers under this Agreement and of the Assignee under the Assignment or for the purpose of carrying out the intention of this Agreement and the Assignment; and the Vendee or the Railroad will promptly furnish to the Manufacturers certificates or other evidences of such filing, recording or depositing, and an opinion or opinions of counsel for the Vendee or the Railroad with respect thereto, satisfactory to the Manufacturers. Without limiting the foregoing, the Vendee shall take all such other action required by law or reasonably requested by the Manufacturers for the purpose of proper protection, to the satisfaction of counsel for the Manufacturers and the Assignee, of the security title to the Equipment and the rights of the Manufacturers under this Agreement and of the Assignee under the Assignment or for the purpose of carrying out the intention of this Agreement and the Assignment.

SECTION 19. NOTICE.

Any notice required or permitted to be given by any party hereto to another shall be deemed to have been given when deposited in the United States certified mail, first class, postage prepaid, addressed as follows:

(a) to the Vendee: c/o Matrix Leasing International Inc., Bank of America Center, San Francisco, California 94104, with a copy to Cargill Leasing Corporation, Box 9300, Minneapolis, Minnesota 55440, Attention: Robert Lumpkins, Executive Vice President.

(b) to the Railroad: Grand Trunk Western Railroad Company, 131 West Lafayette Street, Detroit, Michigan 48226, Attention: Secretary, with a copy of such notice to be furnished in the manner provided above, addressed to: Canadian National Railway Company, 935 Lagauchetiere Street West, Montreal, Canada H3C 3N4, Attention: Treasurer.

(c) to the Manufacturers:

ACF Industries, Incorporated
750 Third Avenue
New York, New York 10017
Attention: Secretary

Whitehead and Kales Company
58 Haltiner Street
Detroit, Michigan 48218
Attention: Vice President - Finance

(d) to the Assignee, at 231 South LaSalle Street, Chicago, Illinois 60690, Attention: Corporate Trust Department, or to any other assignee of the Manufacturers, or of the Vendee or the Assignee, at such address as may have been furnished in writing to the Vendee or the Manufacturers, as the case may be, and to the Railroad, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

SECTION 20. HEADINGS AND TABLE OF CONTENTS.

All section headings and the table of contents are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

SECTION 21. EFFECT AND MODIFICATION OF AGREEMENTS.

This Agreement and the Schedules relating hereto, together with the Lease exclusively and completely state the rights and agreements of the Manufacturers and the Vendee with respect to the Equipment and supersede all other agreements, oral or written, with respect to the Equipment. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and duly executed on behalf of the Manufacturers and the Vendee. Without the prior written consent (which shall not be unreasonably withheld) of the Manufacturers, the Vendee will not consent to any amendment, modification, waiver or supplement to the Lease or, except in accordance with Section 13 thereof, cancel or terminate the Lease prior to the payment in full of the Conditional Sale Indebtedness, together with interest thereon.

SECTION 22. LAW GOVERNING.

The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Michigan.

SECTION 23. CERTAIN DEFINITIONS.

The term "Manufacturers", whenever used in this Agreement, means, before any assignment of any of their rights hereunder, ACF Industries, Incorporated, and Whitehead and Kales Company, and any successor or successors for the time being to the manufacturing properties and business of each respectively, and, after

any such assignment, any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained and excluded from any such assignment. The rights and undertakings of each Manufacturer hereunder are several and not joint.

SECTION 24. ASSIGNMENT OVER AND GRANT OF SECURITY INTEREST IN THE LEASE.

24.1. In order to further secure the payment of the Conditional Sale Indebtedness, the interest thereon and the payment or performance of all of the Vendee's obligations contained in this Agreement, the Vendee hereby assigns, transfers and sets over to the Manufacturers and grants the Manufacturers a security interest in all right, title, interest, claims and demands of the Vendee as lessor in, under and to the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Vendee as lessor under the Lease, including, without limitation, but subject to the exceptions, reservations and limitations contained in Section 24.6 below:

(a) the immediate and continuing right to receive and collect all rentals, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the lessor under the Lease pursuant thereto;

(b) the right to make all waivers and agreements with respect to the Lease; and

(c) the right to take such action upon the occurrence of a default or an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Vendee or any lessor is or may be entitled to do under the Lease;

it being the intent and purpose hereof that the assignment and transfer to the Manufacturers of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Manufacturers shall have the right to collect and receive said rentals and other sums for application to the payment of the Conditional Sale Indebtedness to the extent of their respective interests, together with the interest thereon and the other

obligations of the Vendee hereby secured at all times during the period from and after the date of this Agreement until the Conditional Sale Indebtedness, together with the interest thereon and all other obligations of the Vendee hereby secured, have been fully paid and discharged.

24.2. Subject to Section 24.6 hereof, the Vendee agrees that it will not:

(a) declare a default or exercise the remedies of the lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification, surrender or termination of, the Lease in respect of the Equipment (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof; or

(b) receive or collect or permit the receipt or collection of any rentals or Casualty Value payments prior to the date for the payment thereof provided for by the Lease (unless received without fault and promptly remitted to the Manufacturers) or assign, transfer or hypothecate (other than to the Manufacturers hereunder) any rentals or Casualty Value payments then due or to accrue in the future under the Lease.

24.3. The Vendee does hereby irrevocably constitute and appoint the Manufacturers its true and lawful attorneys with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rentals and other payments (except as set forth in Section 24.6 hereof) and sums which are assigned under Section 24.1 hereof and, following the occurrence of an Event of Default hereunder, full power to settle, adjust or compromise any claim thereunder as fully as the Vendee could itself do, and to endorse the name of the Vendee on all commercial paper given in payment or in part payment thereof, and in their discretion to file any claim or take any other action or proceedings, either in their own names or in the name of the Vendee or otherwise, which the Manufacturers may deem necessary or appropriate to protect and preserve the right, title and interest of the Manufacturers in and to such rentals and other payments and sums and the security intended to be afforded hereby.

24.4. This assignment being made only as security shall not subject the Manufacturers to, or transfer, or pass, or in any way affect or modify, the liability of the Vendee under the Lease, it being understood and agreed that notwithstanding this assignment, or any subsequent assignment, all obligations of the Vendee to the Railroad, as lessee under the Lease, shall be and remain enforceable by the Railroad, as lessee, its successors and assigns, against, and only against, the Vendee. Further, the Vendee covenants and agrees that it will perform all its obligations to be performed under the terms of the Lease, and hereby irrevocably authorizes and empowers the Manufacturers, in their own names, or in the name of their nominee, or in the name of the Vendee, as its attorney, on the happening of any failure by the Vendee, to perform or cause to be performed any such obligation.

24.5. Upon the discharge and satisfaction of the full amount of the Series A Conditional Sale Indebtedness, together with interest thereon as herein provided and the performance of all of the Vendee's obligations herein contained with respect to the Series A Equipment, and so long as no Event of Default (or event which with the passage of time or the giving of notice or both would constitute an Event of Default) shall have occurred and be continuing, the assignment made hereby and all rights herein assigned to the Manufacturers with respect to the Series A Equipment shall cease and terminate, and all estate, right, security title and interest of the Vendee in and to the Lease insofar as the same relates to the Series A Equipment shall revert to the Vendee.

Upon the full discharge and satisfaction of the full amount of the Conditional Sale Indebtedness, together with interest as herein provided and the performance of all of the Vendee's obligations herein contained, the assignment made hereby and all rights herein assigned to the Manufacturers shall cease and terminate, and all estate, right, security title and interest of the Vendee in and to the Lease shall revert to the Vendee.

24.6. There are expressly excepted and reserved from the assignment and security interest provided for in Section 24.1 above the following described properties, rights, interests and privileges:

(a) all payments of any indemnity under Section 6 of the Lease which are payable to the Vendee or the Trustor for its own account;

(b) if an Event of Default under the Lease based on a breach of any covenant of the Railroad to pay any such indemnity or payment referred to under paragraph (a) of this Section 24.6 shall occur and be continuing, the right of the Vendee to declare that an Event of Default exists under the Lease and the right of the Vendee or the Trustor to exercise the remedies, but only those remedies, provided for in Section 14.2(a) of the Lease to enforce performance by the Lessee of any covenants of the Lessee to pay any such indemnity or payment directly to the Vendee or the Trustor or to recover damages for the breach thereof; and

(c) any insurance proceeds payable under general public liability policies maintained by the Railroad pursuant to Section 11 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Vendee or the Trustor for its own account.

SECTION 25. EXECUTION.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. This Agreement is dated for convenience as of the date first above written.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed all as of the date first above written.

ACF INDUSTRIES, INCORPORATED

By _____
Its _____
MANUFACTURER

(Corporate Seal)

Attest:

Secretary

WHITEHEAD AND KALES COMPANY

(Corporate Seal)

Attest:

G. Konchal
Its G. KONCHAL
TREASURER

By

Its

C. E. Wieser

MANUFACTURER

C. E. WIESER

VICE PRES. FINANCE

HAROLD K. CRISWELL, ALBERT C. WELTI
AND ROBERT F. WHITWORTH, JR., as
Trustees Under G.T.W. Trust No. 77-1

By

TRUSTEE

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

On this _____ day of _____, 1977, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a _____ of ACF Industries, Incorporated, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

(Seal)

My Commission Expires: _____

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

On this 21st day of March, 1977, before me personally appeared C. E. Wren, to me personally known, who, being by me duly sworn, says that he is a Vice President of Whitehead and Kales Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

ARDIS W. HALL *Ardis W. Hall*
Notary Public, Wayne County, Mich.
My Commission Expires Sept. 6, 1977

Notary Public

(Seal)

My Commission Expires: My Commission Expires Sept. 6, 1977

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On the ____ day of _____, 1977, before me
personally appeared _____, to me known to
be one of the persons described in and who executed the foregoing
instrument, and he acknowledged that he executed the same as his
true act and deed.

Notary Public

(Seal)

My Commission Expires: _____

SCHEDULE A
(to Conditional Sale Agreement)

MANUFACTURER: Whitehead and Kales Company

PLANT OF MANUFACTURER: River Rouge, Michigan

DESCRIPTION OF EQUIPMENT: The 40-Tri-level Auto Racks shall bear Rack Numbers GTW 310000 through GTW 310039, both inclusive.

SPECIFICATIONS: Fully enclosed tri-level auto racks, Model LH-21, equipped with Whitehead and Kales radial end doors, 60 rachets, 60 idler assemblies, and 60 chain assemblies per car

BASE PRICE: \$28,344

MAXIMUM PURCHASE PRICE: \$30,450 per Item (\$1,218,000 for 40 Items)

DELIVER TO: Grand Trunk Western Railroad Company

PLACE OF DELIVERY: River Rouge, Michigan

ESTIMATED DELIVERY DATE: May, 1977

OUTSIDE DELIVERY DATE: June 30, 1977

Lessee: Grand Trunk Western Railroad Company

Assignee of Manufacturer: Continental Illinois National Bank and Trust Company of Chicago

(G.T.W. Trust No. 77-1)

SCHEDULE B
(to Conditional Sale Agreement)

MANUFACTURER: ACF Industries, Incorporated

PLANT OF MANUFACTURER: St. Louis, Missouri

DESCRIPTION OF EQUIPMENT: 50 60-ft. Box Cars bearing Road
Numbers GTW 375550 to GTW
375599, both inclusive.

SPECIFICATIONS: 60'9" 100-ton cushioned under-
frame DF-1 interior equipment
16' double sliding door (as more
specifically described in ACF
No. 11-06643 dated February 4,
1977).

BASE PRICE: \$36,631

MAXIMUM PURCHASE PRICE: \$38,325 per Item (\$1,916,250
for 50 Items)

DELIVER TO: Grand Trunk Western Railroad Company

PLACE OF DELIVERY: St. Louis, Missouri or Battlecreek,
Michigan

ESTIMATED DELIVERY DATE: March, 1977

OUTSIDE DELIVERY DATE: June 30, 1977

Lessee: Grand Trunk Western Railroad Company

Assignee of Manufacturer: Continental Illinois National Bank
and Trust Company of Chicago

SCHEDULE C
(to Conditional Sale Agreement)

MANUFACTURER: ACF Industries, Inc.

PLANT OF MANUFACTURER: St. Louis, Missouri

DESCRIPTION OF EQUIPMENT: 40 89'4" Flat Cars bearing Road Numbers GTW 310000 to GTW 310039, both inclusive.

SPECIFICATIONS: 89'4" 70-ton low-deck flat cars, equipped with 10-inch end-of-car cushioning (as more specifically described in ACF No. 11-04160 dated February 11, 1977)

BASE PRICE: \$30,900

MAXIMUM PURCHASE PRICE: \$32,550 per Item (\$1,302,000 for 40 Items)

DELIVER TO: Grand Trunk Western Railroad Company

PLACE OF DELIVERY: St. Louis, Missouri or Detroit, Michigan

ESTIMATED DELIVERY DATE: March, 1977

OUTSIDE DELIVERY DATE: June 30, 1977

Lessee: Grand Trunk Western Railroad Company

Assignee of Manufacturer: Continental Illinois National Bank
and Trust Company of Chicago

(G.T.W. Trust No. 77-1)

DEBT AMORTIZATION SCHEDULE

SERIES A CONDITIONAL SALE INDEBTEDNESS

The following figures are percentages of the original aggregate principal amount of Series A Conditional Sale Indebtedness:

<u>Date</u>	<u>Interest Expense</u>	<u>Principal Repayment</u>	<u>Total Debt Service</u>	<u>Ending Balance</u>
7/15/77	-	-	-	100.000000%
1/15/78	4.250000%	2.538002%	6.788002%	97.461998
7/15/78	4.142135	2.645868	6.788002	94.816130
1/15/79	4.029686	2.758317	6.788002	92.057813
7/15/79	3.912457	2.875545	6.788002	89.182268
1/15/80	3.790246	2.997756	6.788002	86.184512
7/15/80	3.662842	3.125161	6.788002	83.059351
1/15/81	3.530022	3.257980	6.788002	79.801371
7/15/81	3.391558	3.396444	6.788002	76.404927
1/15/82	3.247209	3.540793	6.788002	72.864134
7/15/82	3.096726	3.691277	6.788002	69.172857
1/15/83	2.939846	3.848156	6.788002	65.324701
7/15/83	2.776300	4.011703	6.788002	61.312999
1/15/84	2.605802	4.182200	6.788002	57.130799
7/15/84	2.428059	4.359943	6.788002	52.770855
1/15/85	2.242761	4.545241	6.788002	48.225614
7/15/85	2.049589	4.738414	6.788002	43.487200
1/15/86	1.848206	4.939796	6.788002	38.547404
7/15/86	1.638265	5.149738	6.788002	33.397666
1/15/87	1.419401	5.368602	6.788002	28.029065
7/15/87	1.191235	5.596767	6.788002	22.432297
1/15/88	0.953373	5.834630	6.788002	16.597668
7/15/88	0.705401	6.082602	6.788002	10.515066
1/15/89	0.446890	6.341112	6.788002	4.173954
7/15/89	0.177393	4.173954	4.351347	0.000000

SCHEDULE D
(to Conditional Sale Agreement)

DEBT AMORTIZATION SCHEDULE

SERIES B CONDITIONAL SALE INDEBTEDNESS

The following figures are percentages of the original aggregate principal amount of Series A Conditional Sale Indebtedness:

<u>Date</u>	<u>Interest Expense</u>	<u>Principal Repayment</u>	<u>Total Debt Service</u>	<u>Ending Balance</u>
7/15/77				100.000000%
1/15/78	4.250000%	0.708471%	4.958471%	99.291529
7/15/78	4.219890	0.738581	4.958471	98.552948
1/15/79	4.188500	0.769971	4.958471	97.782977
7/15/79	4.155777	0.802695	4.958471	96.980282
1/15/80	4.121662	0.836809	4.958471	96.143473
7/15/80	4.086098	0.872374	4.958471	95.271099
1/15/81	4.049022	0.909450	4.958471	94.361649
7/15/81	4.010370	0.948101	4.958471	93.413548
1/15/82	3.970076	0.988395	4.958471	92.425153
7/15/82	3.928069	1.030402	4.958471	91.394751
1/15/83	3.884277	1.074194	4.958471	90.320556
7/15/83	3.838624	1.119848	4.958471	89.200709
1/15/84	3.791030	1.167441	4.958471	88.033268
7/15/84	3.741414	1.217057	4.958471	86.816210
1/15/85	3.689689	1.268782	4.958471	85.547428
7/15/85	3.635766	1.322706	4.958471	84.224723
1/15/86	3.579551	1.378921	4.958471	82.845802
7/15/86	3.520947	1.437525	4.958471	81.408278
1/15/87	3.459852	1.498619	4.958471	79.909658
7/15/87	3.396160	1.562311	4.958471	78.347347
1/15/88	3.329762	1.628709	4.958471	76.718638
7/15/88	3.260542	1.697929	4.958471	75.020709
1/15/89	3.188380	1.770091	4.958471	73.250618
7/15/89	3.113151	1.845320	4.958471	71.405298
1/15/90	3.034725	1.923746	4.958471	69.481552
7/15/90	2.952966	2.005505	4.958471	67.476047
1/15/91	2.867732	2.090739	4.958471	65.385308
7/15/91	2.778876	2.179596	4.958471	63.205712
1/15/92	2.686243	2.272228	4.958471	60.933484
7/15/92	2.589673	2.368798	4.958471	58.564686
1/15/93	2.488999	2.469472	4.958471	56.095213
7/15/93	2.384047	2.574425	4.958471	53.520789
1/15/94	2.274634	2.683838	4.958471	50.836951

SCHEDULE E
(to Conditional Sale Agreement)